



March 31, 1998

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Annual Report of Denver Water for the year ended December 31, 1997

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Denver Water. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of Denver Water. All disclosures necessary to enable the reader to gain an understanding of Denver Water's financial and operational activities have been included.

This report is presented in three sections as follows:

1. Introductory Section, which includes this transmittal letter, excerpts from the charter, organization chart, and list of principal officials.
2. Financial Section, which includes the financial statements and supplementary property and bond schedules, as well as the auditor's report on the financial statements and schedules.
3. Statistical Section, which includes selected operational and financial information, generally presented on a multi-year basis.

The Reporting Entity

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the newly-formed five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver ("City"), and set it up as an independent City water agency, with the philosophy that it would be operated as a business and remain apart from political influences. Denver Water is governed by a five-member board appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water is classified as an "other stand-alone government" since Denver Water is a legally distinct and separate entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water. However, the City has elected to include Denver Water's financial statements in the City's general purpose financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.

The Year 1997 In Review

Positioning Denver Water for continued service into the 21st century highlighted activities during the course of the year. Purchase of the historic Moffat Water Tunnel assured future use of this key facility. Agreements with South Adams County for the county's relief from water quality problems in exchange for water storage, and a change in the water supply for operation of Public Service Company's Cherokee Power Plant from the South Platte River to recycled water were other highlights the year. Negotiations designed to keep Denver's South Platte River water rights intact were still another feature of a very active 1997.

An act of the legislature allowing the sale of the Moffat Water Tunnel to Denver Water resulted in an agreement for the purchase of this key facility for \$7 million. Under the agreement, 90% of this amount, (\$6.3 million) is returned to the City and County of Denver whose taxpayers provided 90% of the funding to build the tunnel. The city, in turn, is allocating \$3.3 million dollars to convert the irrigation systems of parks to non-potable sources, relieving some summer demand on the treated water system.

Long standing concerns over the quality of underground water sources in the north suburban area served by the South Adams County Water and Sanitation District have been resolved with an agreement between the District, the U.S. Army and Denver Water. The suburban district is paying \$22.9 million in tap fees to Denver Water for 4,000 acre-feet of treated water a year. As a part of the agreement, Adams County will obtain permits for, construct and turn over to Denver Water, storage for 8,000 acre-feet of water in gravel pits along the South Platte River downstream of Denver. Denver Water will realize a yield of 5,000 acre-feet from this source, resulting in 1,000 acre-feet a year gain in system yield. This cooperative arrangement is consistent with provisions of Denver Water's Integrated Resources Plan (IRP), which suggests co-operative ventures with other water suppliers so long as there is a net benefit to the Denver system. The U.S. Army entered the agreement by providing for the transfer of water for the Rocky Mountain Arsenal Wildlife Refuge from the High Line Canal to non-potable recycled water in the future. The agreements are expected to be finalized in 1998.

An agreement with Public Service Company for the use of recycled water for cooling at the Cherokee Power Plant reduces demand for water from the South Platte River. Non-potable recycled water is beginning to play an increasing role in meeting summertime demands with this and other agreements for the use of recycled water at the Park Hill Golf Course and in the development of the Gateway complex adjacent to Denver International Airport as well as at the redeveloped Lowry site and Stapleton airport.

Following announcement by the U.S Forest Service that it planned to study the South Platte River, upstream of Denver, for purposes of designating river segments as "Wild and Scenic", Denver Water began development of an alternative plan that would protect environmental features of the South Platte without endangering Denver's ability to use its water rights to supply a growing community. "Wild and Scenic" designation could interfere with the city's right to use water it owns in the South Platte. Denver Water's "South Platte Protection Plan", offered as an alternative by water utilities throughout Metro Denver to a Wild and Scenic designation, is the product of 46 meetings with some 75 public and private groups including federal, state and county agencies, water providers, property owners along the South Platte, and environmental and recreation groups. A key feature of Denver's plan would be the relinquishment of rights-of-way to build Two Forks Dam if suitable, on-line alternative water storage with yield equivalent to Two Forks can be developed. Other features of the plan include Denver's operation of the river to end sharp fluctuations of water levels, a commitment not to build facilities in Elevenmile or Cheesman Canyons, a \$1 million endowment for conservation projects and improved management of recreation areas along the river. The "South Platte Protection Plan" has been accepted for study as one of two alternatives to be considered in an Environmental Impact Statement, (EIS) by the Forest Service.

The expanding role of recycled water in meeting service area needs was also illustrated during the year with development of plans for the use of recycled water in the redevelopment of Lowry Air Force Base and Stapleton Airport. Until Denver is

able to construct and operate recycling facilities with capacity to serve this growing application, the possibility of the temporary use of the City of Aurora's Sand Creek recycling facility, which is near several of Denver's planned applications, is being considered. In the meantime, predesign contracts for a non-potable recycling facility were let during the year to Richard P. Arber & Associates, in conjunction with CH2M-Hill and Boyle Engineering. Phase 1 of this project is scheduled to be operational in 2001.

Significant progress was made during the year on the Federal Energy Regulatory Commission (FERC), relicensing of Gross Dam. The public involvement phase of this effort included seven meetings of the Recreation Work group, two meetings of the Aquatics Work Group, three general public meetings and a tour of the Gross Dam facilities. More than 430 people were involved in these meetings. FERC issued the original license for Gross Dam since generation of hydroelectric power was contemplated. Relicensing also envisions hydropower generation at Gross.

Although Denver Water was spared natural disasters such as the Buffalo Creek fire and flood of 1996, the long-term problems caused by these events continued throughout 1997. The scarred landscape still presents a serious threat to water quality. In the Spring Creek watershed alone, silt build-up amounts to 38,000 yards per mile along the 3.5-mile streambed. Because of a lingering lack of vegetation on slopes leading to the streambed another heavy precipitation incident could wash still more debris and silt into the river and streambed. Due to high levels of manganese found in the ash and silt from the fire, potassium permanganate is being added to water at Strontia Springs intakes to the Foothills Treatment Plant to begin clarification of water before it reaches the plant.

The year was also marked by efforts to improve water quality and lay the groundwork for a long-range upgrading of Denver Water's treatment plants. A \$5 million conduit which allows the Marston Treatment Plant to by-pass Marston Reservoir, when needed, and bring water directly into the plant from Conduit 20 and the South Platte River was completed during the year. It became operational in May, eliminating taste and odor problems associated with the fall "turn-over" of water in the reservoir. Also at Marston, construction was started during the year on a \$5.2 million treatment residue handling facility. As an added part of the treatment process, solid material extracted from the water will be de-watered and then taken to drying beds at the Foothills Plant, rather than returned to Marston Reservoir. Treatment plant upgrades are being driven by changes in the national Safe Drinking Water Act of 1996 and Denver Water's adherence to our own quality standards that exceed state and federal requirements.

For Transmission and Distribution crews, the Memorial Day weekend was shattered with the Friday, May 23 rupture of Conduit 94, a major link in the treated water distribution system. The 66-inch pipe broke near 56th Avenue and Cherokee Street, close to Interstate 25, spewing 25,000,000 gallons of water into the commercial area in some 40 minutes, flooding a furniture showroom and stranding one motorist on the top of his pick-up truck. The pipeline connects the 56th Avenue Pump Station with the Moffat Treatment Plant and is the major artery for moving water between these points. Damage claims have amounted to some \$700,000 and the Engineering Division has begun a survey of the condition of the entire length of the conduit installed in 1974. Repairs were completed in one week.

1997 financial performance reflected a surge in receipts from System Development Charges ("SDC"), brought about by the South Adams County agreement plus brisk treated water sales during a part of the summer. The board's approval of a 5% increase in SDCs beginning January 1, 1998 brought a flood of applications for taps and payment of fees in December in order to beat the January increase. A study of the revamping of the basis for SDC charges was launched in 1997 with recommendations scheduled to be delivered to the board in 1998.

Treated water consumption peaked on July 16 when customers used nearly 518 million gallons of water in a single day. 1991 was the last year in which water consumption had topped 500 million gallons a day (MGD). With a string of 98-degree days following in July, customers used 510 MGD on July 17 and 505 MGD on July 18. Earlier, customers had used 500 MGD on July 15. Temperatures rose above 90 degrees on 12 days during July. At year end, receipts from the sale of water stood at \$123 million, a \$7.5 million increase over the budgeted amount. SDC receipts were \$45.1 million, a staggering \$30.1 million increase over the budgeted amount. Of this amount, \$22.9 million was from the agreement with South Adams County.

Major capital expenditures for the year, in addition to the \$7 million invested in the purchase of the Moffat Water Tunnel, included \$2 million for a new outlet works at Antero reservoir, nearly \$5 million in the Marston Reservoir by-pass conduit, \$3.2 million in water main improvements, \$1.4 million in main replacements, \$1.5 million for vehicle and heavy

equipment replacement and \$.7 million for the rebuilding of Building 13 in the West Side yards, part of an on-going yard modernization. Operations and maintenance expenses included \$.7 million for the completion of repairs to the Roberts Tunnel hydro power facility, damaged in 1996 when debris found its way into plant piping and caused a flood of the facility.

Denver's 1997 precipitation was 3.33 inches above the 45-year average based on measurements at Stapleton, Edgewater, Lakewood, Cherry Creek Dam and the Kassler facility. For the entire year, customers used 75.3 billion gallons of water, some 2.6% above average.

Streamflow in the South Platte River basin upstream of Cheesman Reservoir was 6% above the long-term average, while natural flow into Dillon Reservoir on the western slope was 59% above the long-term average. Natural inflow to Williams Fork Reservoir was 57% above average in 1997.

The installation of natural gas powered engines to operate pumps at the Kendrick and 56th Avenue Pump Stations and Marston Plant, as a part of a comprehensive Energy Management Program, resulted in rebates of \$1.1 million from Public Service Company of Colorado. The units are designed to allow continued pumping of water during an electric power failure.

Negotiations with the City and County of Denver resulted in a change in the timing of the payment of the city's water bills for parks and other facilities. Formerly, the city paid its water bill once a year. Now the city, like most customers, is on a bi-monthly schedule. This has resulted in a \$5 million increase in 1997 cash collections to Denver Water.

Denver's right to a second annual refill of Dillon Reservoir was greatly strengthened with a Water Court ruling affirming Denver's right to refill the reservoir. The court decision came after agreements were reached with some 50 interested parties. The result is considered vital to the most efficient operation of Denver's largest reservoir.

Denver Water continued its participation in a comprehensive Endangered Species Recovery Program on the Colorado and Platte rivers during the year. The program is designed to protect the habitats of the Piping Plover and Least Tern, two small birds, along the Platte River in Nebraska and several endangered fish species in sections of the Colorado River.

A survey of 500 Denver Water customers found 77% rated Denver's water quality as "Good or Excellent". Sixty-three percent expressed concern about contamination of water supplies while, 65% expressed an awareness of water quality problems elsewhere in the nation. Sixty-four percent of those queried said they trust Denver Water to protect water quality. Nearly 50% said they trusted the state Health Department to protect water quality, while less than 40% indicated they placed their trust in the EPA or Environmental Community to protect water quality.

Sewer Trent PLC, a British utility giant, conducted an opinion survey of U.S. utility executives to determine those most highly thought of in the United States. Highest ranked in the U.S. was Duke Power Company of North Carolina. Denver Water tied for second with two others, Southern California Metro Water and Pacific Gas & Electric. Managers were asked to grade peer industries on accessibility and openness, leadership, customer services and quality management.

Denver's state-of-the-art Load Control Center, the nerve center from which the water system is operated by remote control, underwent upgrading and further modernization during the year. The computer-based SCADA, (Supervisory Control and Data Acquisition) system allows operators to fine-tune the delivery of water throughout the service area with the touch of a computer key. The Service Dispatcher, who responds to customer service calls and dispatches personnel responding to these calls, has moved into a position in the same room with transmission system operators for better communications and closer coordination of efforts. The new control center has access to dedicated Doppler Radar for real-time displays of actual weather conditions in the service area so adjustments can be made to the system in response to weather conditions.

At year end, Denver Water was serving over 1 million people through 207,889 direct connections to the system and another 63,449 connections through Master Meter water districts for a grand total of 271,338 accounts. Customer Representatives answered a total of 143,955 telephone calls from customers with questions about water bills, the leading topic of calls.

Denver Water's Conservation Plan was amended during the year to include the additional conservation goals of the Integrated Resources Plan (IRP) in its first year of implementation. The revised plan includes financial incentives for high

volume customers to substantially reduce their water use. As part of water conservation demonstration efforts, Xeriscaping of the grounds surrounding Denver Water's Administrative Complex was completed during the year.

The addition of some \$500 million in capital facilities during the 1980s plus the requirements of other aging facilities has resulted in the need for additional repair, upgrading and improvement of facilities in the late 1990s. The Engineering Division successfully completed 75% of some 160 to 180 small to medium sized projects during the year.

A pilot program of reading water meters by radio remote control from passing trucks was launched on two meter reading routes during the year. Based on the results from the pilot program, the program may be expanded.

Financial Information

Discussion of Controls

Internal Control Structure - Management of Denver Water is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Denver Water are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls - In addition, although Denver Water is not legally required to adopt budgetary accounting and reporting and make appropriations for expenditures, it does maintain budgetary controls through a formal budget process, which involves:

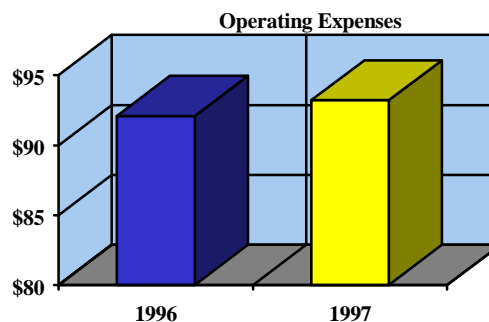
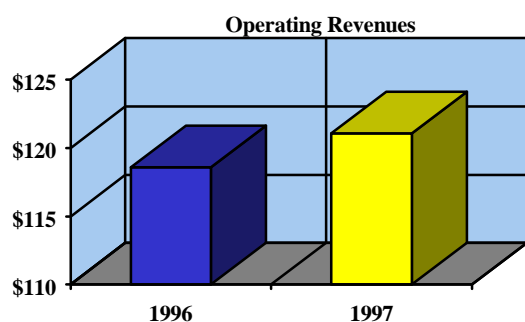
- Maintaining a long-range plan for addition and replacement of water system facilities based on projected demands for water, which is updated annually and is used as a basis for projecting capital expenditures in the budget.
- Maintaining a long-range plan for operation and maintenance activities.
- Developing a long-range financial plan for issuance of debt and adjustment of water rates.
- Developing annual work plans by program (raw water, reuse, water treatment, delivery, and general plant), based on the long-range plan, for operation and maintenance activities and capital projects.
- Establishing cost control center budgets for labor, materials, and services for each of the projects or activities listed on the annual operation and maintenance and capital work plans, which are combined on a total entity basis.
- Providing explanations for significant variances between budgeted and actual expenditures to the Board on a quarterly basis.

Discussion of 1997 Operating Results

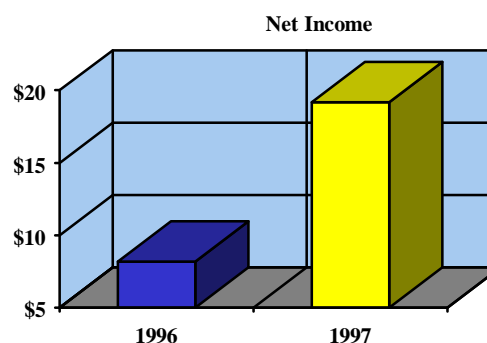
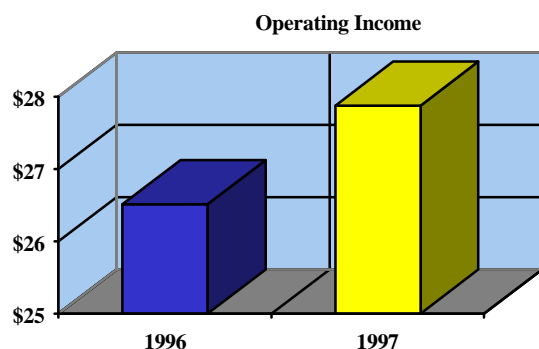
Summary operating results compared to last year are as follows (amounts expressed in thousands):

	1997	1996	Increase (Decrease)	Percent Change
Operating Revenues	\$ 121,074	\$118,580	\$ 2,494	2%
Operating Expenses	<u>(93,202)</u>	<u>(92,072)</u>	<u>1,130</u>	<u>1%</u>
Operating Income	27,872	26,508	1,364	5%
Net Nonoperating Expenses	<u>(8,674)</u>	<u>(18,315)</u>	<u>(9,641)</u>	<u>(53)%</u>
Net Income	<u>\$ 19,198</u>	<u>\$ 8,193</u>	<u>\$ 11,005</u>	<u>134%</u>

(See Financial Section for more details and Statistical Section for ten-year trend data.)



(\$ Millions)



Operating revenues increased primarily as a result of a 1% decrease in treated water consumption offset by a rate increase effective January 1, 1997. **Operating expenses** increased slightly as a result of increases and decreases in several areas. **Net Nonoperating Expenses** decreased primarily as a result of increased gains on disposition of property, plant and equipment, and increased interest income.

Additions to Property, Plant and Equipment

Capital additions for 1997 amounted to \$47.7 million, an increase of \$14.5 million or 44% from 1996. Additions included \$16.8 million for new facilities, \$24.1 million for facility replacements and improvements, and \$6.8 million for general equipment. See "Additions to Property, Plant and Equipment" in the statistical section for details.

Pension Trust Fund Operations

Net assets available for plan benefits increased \$27.1 million or 19% in 1997, including contributions and gains and losses on investments, to a total of \$169.9 million as of December 31, 1997. The unfunded actuarial liability at January 1, 1997 was \$20.5 million or 49% of covered payroll, down from 66% at January 1, 1996. The pension trust fund return was 21.4% for the year. This return compares with a return of 33.4% for the Standard & Poor's 500 and 9.8% for the Shearson

Lehman Government/Corporate index. The annual actuarial valuation continues to reflect a well-funded plan. See Note 8 in the Financial Section for more details.

Debt Administration

During the year, Denver Water issued \$19,530,000 of General Obligation Refunding Bonds. At December 31, 1997, \$243,205,000 of City and county of Denver general obligation water bonds were outstanding. Since Denver Water is committed to repay the bonds and related interest from its revenues, they are not included in any debt limitations that the City Charter requires. Denver Water has maintained an AA rating from Standard & Poor's Corporation and an Aa2 rating from Moody's Investors Service. In addition, \$54,025,000 of Certificates of Participation, and \$34,465,000 Obligation Under Capital Lease were outstanding. See Notes 4, 5, and 7 in the Financial Section for more details.

SEC Disclosure Requirements

Securities and Exchange Commission ("SEC") Rule 15c2-12 requires that issuers of municipal securities provide certain annual financial information. The Government Finance Officers Association of the United States and Canada (GFOA) recommends that these disclosures be contained in the comprehensive annual financial report (CAFR). Denver Water's SEC disclosure requirements can be found on the following pages:

Audited Financial Statements	Section B - Financial Section
Number of Customer Accounts	Page C-51
Total Treated Water Delivery	Page C-25
Total Outstanding Indebtedness	Pages B-11 (note 4), B-12 (note 5), B-22, B-24
System Development Charges and Participation Fees	Page C-59
Receipts and Expenditures	Page C-60

Cash Management

The principal objective of Denver Water's investment policy is safety while attaining an appropriate rate of return. At year-end, approximately 78% of the investments were held in US government and agency securities. The remaining investments were in commercial paper, rated A-1 or P-1 by Standard & Poor's or Moody's or in money market mutual funds. All securities were classified as category one, the category of least custodial credit risk as defined by the Governmental Accounting Standards Board. Denver Water earned interest income of \$5,100,000 on all investments for the year, for a total return including price changes of 5.7 %. See Note 3 in the Financial Section for more details.

Risk Management

In 1997, the Board approved the continuance of a risk management program which includes self-insurance for liability, selective property damage, and employee disability losses. Denver Water's liability is limited under the Colorado Governmental Immunity Act to \$150,000 per person and \$600,000 per occurrence. Denver Water has designated \$4 million of its investments as available for claims covered by self-insurance. See Note 9 in the Financial Section for more details.

Other Information

Independent Audit

The City Charter requires an annual audit of the accounts of Denver Water by the City Auditor. The independent accounting firm of Arthur Andersen LLP was selected by the City Auditor to conduct this audit for 1997. Arthur Andersen's report is included in the financial section of this report.

Awards

Comprehensive Annual Financial Report

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the year ended December 31, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Denver Water has received a Certificate of Achievement for the last nine consecutive years (years ended December 31, 1988 - 1996). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Employees' Retirement Plan

The GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its Employees' Retirement Plan CAFR for the year ended December 31, 1996. The Denver Water Employees' Retirement Plan has received a Certificate of Achievement for the last three consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

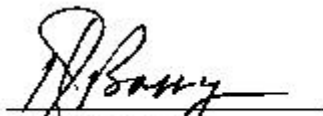
Annual Budget

The GFOA presented an award for Distinguished Budget Presentation to Denver Water for its annual budget for the fiscal year beginning January 1, 1997. This is the fifth consecutive year Denver Water has received this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Acknowledgments

This report was prepared by the staff of Denver Water under the leadership and support of the Board of Water Commissioners.

Sincerely,



Hamlet J. Barry, III
Manager, Denver Water



Roberta M. Wilson
Director of Finance

CHARTER

(The Charter of the City and County of Denver, which can only be changed by a vote of the citizens of Denver, devotes pages 81 through 86 to the duties and responsibilities of the Board of Water Commissioners. Following are excerpts from these pages.)

“There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes

“The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted The Board shall institute and defend all litigation affecting its powers and duties or in relation to said water works system and plant and the property and rights connected therewith or incidental thereto

“There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the water works system and plant together with all monies coming into said fund from other sources. All revenues of the Water Department shall daily be turned over to the Treasurer of the City and County of Denver who shall open and keep a separate account for said Water Works Fund and shall faithfully account for all monies received and disbursed on account thereof

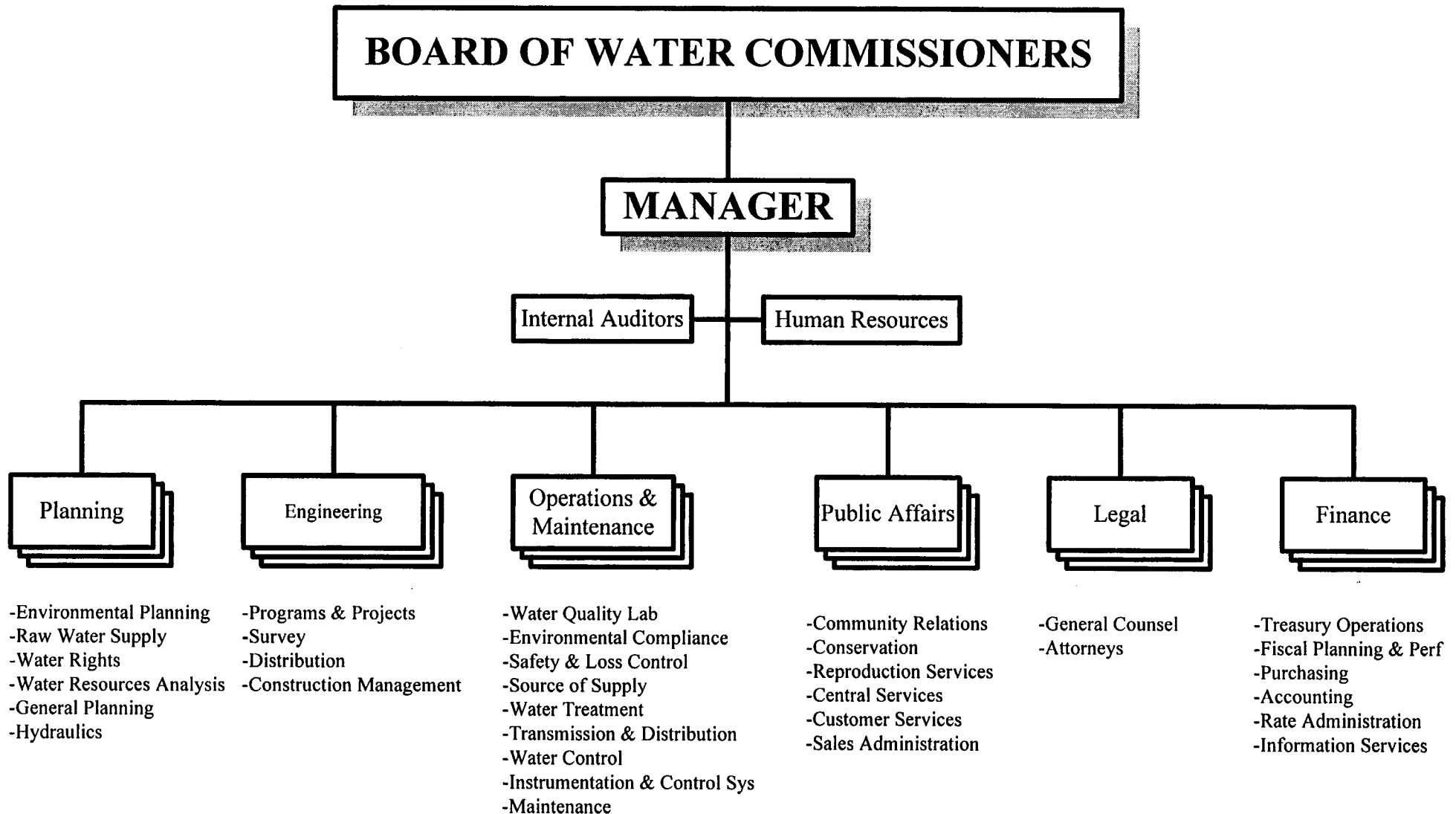
“The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare

“. . . Rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver

“The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver and provided, further, that every such lease shall contain terms to secure the payment into the Water Works Fund of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water or water right which is the subject of such lease together with an additional amount to be determined by the Board

“Bonds, the proceeds of which shall be placed in the Water Works Fund and expended by the Board of Water Commissioners for water works purposes in the sole discretion of the Board, and secured by the general credit of the City and County of Denver and payable as to interest and principal from general ad valorem taxes which may be levied without limitation of rate or amount may be issued upon approval of the same class of electors as is provided for approval of issuance of other general obligation bonds of the City and County of Denver”

FUNCTIONAL ORGANIZATION CHART - 1997





BOARD OF WATER COMMISSIONERS

Top from left, Denise S. Maes, Joe Shoemaker; Bottom from left, Richard A. Kirk, Ronald L. Lehr, William R. Roberts

Denise S. Maes, President

Attorney: Ballard, Spahr, Andrews & Ingersoll

Commissioner since July 10, 1995;

Term expires July 9, 2001.

Joe Shoemaker, First Vice President

Of Counsel: Shoemaker, Wham, Krisor & Shoemaker; Manager, Meridian Golf Club;
Exec. Sec., Colorado Cty. Retirement Assn.; Chrmn, Platte River Greenway Foundation

Commissioner since July 10, 1995;

Term expires July 9, 2001.

Richard A. Kirk

Chairman of the Board of Access Long Distance Co.

Commissioner since July 21, 1993;

Term expires July 12, 1999.

Ronald L. Lehr

Attorney & Consultant: Telecommunications & Energy Law

Commissioner since July 21, 1993;

Term expires July 12, 1999.

William R. Roberts

Marketing Director, Empire Construction Services

Commissioner since July 10, 1997;

Term expires July 10, 2003.

LAST 20 COMMISSIONERS

Gerald L. Stapp	July 8, 1963 to July 14, 1969	Charles G. Jordan	September 26, 1983 to June 28, 1985
Max G. Brooks	January 27, 1969 to July 6, 1970	D. Dale Shaffer	August 9, 1978 to July 8, 1985
Leonard M. Campbell	July 12, 1965 to December 10, 1970	John A. Yelenick	July 14, 1969 to August 25, 1987
Armand Asborno	July 14, 1970 to July 2, 1973	Marguerite S. Pugsley	May 10, 1978 to August 25, 1987
Andrew Horan, Jr.	July 12, 1965 to January 1, 1976	Elizabeth Adrian Hennessey	November 4, 1985 to July 28, 1991
Richard S. Shannon, Jr.	July 9, 1973 to April 18, 1977	Malcolm M. Murray	August 25, 1987 to July 12, 1993
Don Friedman	April 27, 1977 to May 1, 1978	Donald L. Kortz	August 25, 1987 to July 12, 1993
William G. Temple	June 28, 1962 to July 13, 1978	Monte Pascoe	September 26, 1983 to July 10, 1991
Charles F. Brannan	December 14, 1970 to September 26, 1983	Romaine Pacheco	July 31, 1989 to July 10, 1995
James B. Kenney, Jr.	January 9, 1976 to September 26, 1983	Hubert A. Farbes, Jr.	July 8, 1985 to July 14, 1997

Manager and Staff - 1997



Top from left, Manager Barry, Diebel, Jordan; Bottom from left, Pokorney, Wells, Wilson, Work

DISCRETIONARY PERSONNEL

(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Administrative Staff

Hamlet J. Barry, III, Secretary-Manager
Jonathan L. Diebel, Director of Engineering
Charles G. Jordan, Director of Public Affairs
Edward E. Pokorney, Director of Planning
Patricia L. Wells, General Counsel
Roberta M. Wilson, Director of Finance
Stephen W. Work, Director of Operations & Maintenance

Other Staff

John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Kathryn M. Corry, Manager of Treasury Operations
Sara Duncan, Intergovernmental Affairs Coordinator
Jane Earle, Manager of Public Relations
Carla Elam-Floyd, Manager of Human Resources
David B. LaFrance, Manager of Rate Administration
David L. Little, Manager of Water Resource Planning
Trina L. McGuire, Manager of Media Relations
Michael L. Walker, Attorney
Robert K. Weir, Deputy Director of Maintenance
Rockford D. Wiley, Manager of General Planning
Theodore R. Williams, Manager of Diversity

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Water,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda N. Savitsky
President

Jeffrey L. Esler
Executive Director

ARTHUR ANDERSEN LLP

To the Honorable Donald J. Mares, Auditor,
and the Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying balance sheets of the BOARD OF WATER COMMISSIONERS, CITY AND COUNTY OF DENVER, COLORADO ("Board"), as of December 31, 1997 and 1996, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements and the accompanying supplemental financial information are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado, as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental financial information on pages B-21 through B-25 is presented for purposes of additional analysis and is not a required part of the Board's basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Handwritten signature of Arthur Andersen LLP in cursive script.

Denver, Colorado
March 5, 1998

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
BALANCE SHEETS
As of December 31, 1997 and 1996
(amounts expressed in thousands)

<u>ASSETS</u>	<u>1997</u>	<u>1996</u>
CURRENT ASSETS:		
Cash	\$ 91	\$ 90
Temporary cash investments, at cost which approximates market, including accrued interest (includes net surplus land sale receipts of \$3,498 and \$1,228, respectively)	114,763	85,676
Accounts receivable	16,985	17,076
Materials and supplies inventory, at cost	4,094	4,984
Total current assets	135,933	107,826
RESTRICTED INVESTMENTS	28,878	6,109
PROPERTY, PLANT AND EQUIPMENT:		
Utility plant	1,201,587	1,163,743
Nonutility plant	7,038	6,904
	1,208,625	1,170,647
Less accumulated depreciation and amortization	(287,100)	(267,575)
	921,525	903,072
Utility plant under capital lease, less accumulated amortization of \$1,209 and \$672, respectively	41,772	42,309
Construction in progress	30,456	23,115
Net property, plant and equipment	993,753	968,496
OTHER LONG-TERM ASSETS:		
Assets held under deferred compensation plan, at market	-	15,854
Deferred charges	21,269	22,854
Long-term receivable	5,513	-
	\$ 1,185,346	\$ 1,121,139

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
BALANCE SHEETS (Continued)
As of December 31, 1997 and 1996
(amounts expressed in thousands)

	<u>1997</u>	<u>1996</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,602	\$ 2,786
Accrued payroll, vacation and other employee benefits	10,175	9,591
Construction contracts (including retainages of \$178 and \$141, respectively)	578	1,741
Accrued interest on long-term debt	5,212	5,125
Unearned revenue	-	421
Current portion of bonds payable	18,685	22,797
Current portion of certificates of participation	2,270	2,170
Current portion of obligation under capital lease	685	641
Total current liabilities	42,207	45,272
LONG-TERM LIABILITIES:		
Bonds payable, net	222,701	221,092
Certificates of participation	51,345	53,453
Obligation under capital lease	33,780	34,465
Customer advances for construction	26,481	2,631
Obligation for deferred compensation plan	-	15,854
Accrued sick leave	5,316	5,554
Total long-term liabilities	339,623	333,049
Total liabilities	381,830	378,321
COMMITMENTS AND CONTINGENCIES (NOTES 8, 9, 10, 11 and 12)		
EQUITY:		
Contributed capital:		
Contributions in aid of construction	153,715	140,794
System development charges	239,672	217,576
Retained earnings (reinvested in utility plant and other assets)	410,129	384,448
Total equity	803,516	742,818
	\$ 1,185,346	\$ 1,121,139

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Years Ended December 31, 1997 and 1996
(amounts expressed in thousands)

	<u>1997</u>	<u>1996</u>
OPERATING REVENUES:		
Water	\$ 116,884	\$ 114,635
Power generation and other	4,190	<u>3,945</u>
Total operating revenues	<u>121,074</u>	<u>118,580</u>
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	40,266	38,046
General and administrative	25,236	26,836
Depreciation and amortization	21,047	21,047
Customer service	6,653	<u>6,143</u>
Total operating expenses	<u>93,202</u>	<u>92,072</u>
OPERATING INCOME	<u>27,872</u>	<u>26,508</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income	5,958	4,417
Interest expense, less capitalized interest of \$234 and \$107, respectively	(19,350)	(19,979)
Gain (loss) on disposition of property, plant and equipment	4,158	(2,968)
Other income, net	560	<u>215</u>
Net nonoperating expenses	<u>(8,674)</u>	<u>(18,315)</u>
NET INCOME	19,198	8,193
Current year's depreciation expense on utility plant acquired through contributions in aid of construction and system development charges	6,483	6,157
RETAINED EARNINGS (REINVESTED IN UTILITY PLANT AND OTHER ASSETS):		
Beginning of year	384,448	<u>370,098</u>
End of year	<u>\$ 410,129</u>	<u>\$ 384,448</u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
STATEMENTS OF CASH FLOWS
Years Ended December 31, 1997 and 1996
(amounts expressed in thousands)

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 27,872	\$ 26,508
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenue and expense items, net	2,199	1,989
Depreciation and amortization of property, plant and equipment	21,047	21,047
Deferred compensation plan withholdings	-	1,183
Change in assets and liabilities-		
Accounts receivable	538	(2,207)
Materials and supplies inventory	505	6
Prepaid expenses	206	(1,736)
Accounts payable	1,486	1,202
Accrued payroll, vacation and other employee benefits	346	(273)
Unearned revenue	(421)	381
Net cash provided by operating activities	53,778	48,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction	5,940	4,645
Proceeds from (reductions of) customer advances for construction	23,850	(1,171)
Proceeds from system development charges	22,627	15,122
Proceeds from sales of property, plant and equipment	5,298	225
Proceeds from long-term bonds, plus premium, less discount	19,644	16,835
Acquisition of property, plant and equipment	(40,944)	(30,171)
Principal payments for long-term bonds	(22,797)	(21,341)
Principal payments for certificates of participation	(2,170)	(2,035)
Principal payments for capital lease obligations	(641)	(600)
Interest paid	(18,686)	(18,986)
Net cash used for capital and related financing activities	(7,879)	(37,477)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	239,680	210,153
Interest received from investments	5,386	4,323
Purchase of investments	(290,964)	(225,098)
Net cash used for investing activities	(45,898)	(10,622)
NET INCREASE IN CASH	1	1
CASH, AT BEGINNING OF YEAR	90	89
CASH, AT END OF YEAR	\$ 91	\$ 90
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1 - Property, Plant and Equipment)	\$ 6,973	\$ 2,094

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 1997 and 1996

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Water Commissioners ("Board") was created under the Charter of the City and County of Denver, Colorado ("City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity," the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's general purpose financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

As required by generally accepted accounting principles, the Board's financial statements present the Board and its component units. The Board's interest in the component unit discussed below is blended with the Board's reporting entity because of the significance of its operational or financial relationship with the Board.

The Denver Capital Leasing Corporation ("DCLC") was organized by the City as a nonprofit corporation in accordance with state law to facilitate financing of certain capital projects for the City and the Board. DCLC is governed by a three-member board appointed by the Mayor, and is reported as a component unit of the City. It is similar to an "undivided interest," an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest, each party is liable for specific, identifiable obligations, and borrowing is done individually. Each party reports its own assets, liabilities, revenues, and expenses.

DCLC entered into a Master Lease Purchase Agreement ("MLPA") with the Board pursuant to which the Board leases from DCLC certain facilities. The facilities are constructed by the Board with proceeds from the issuance and sale of Certificates of Participation ("Certificates"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The Certificates are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the Certificates. As the Board effectively has assumed substantially all of the risks and rewards of ownership, the Board accounts for the leased assets and related lease obligations as its own assets and its own debt (see Note 4).

The Board's trustees single-employer defined benefit pension plan ("Plan") is part of the Board's entity but has been excluded for financial reporting purposes because of the following provision of the Plan (see Note 8):

The Plan and the Retirement Trust Fund created by the Plan were established and shall be maintained for the exclusive benefit of the eligible Employees of the Board and their Beneficiaries. No part of the Retirement Trust Fund can ever revert to the Board or be used for or diverted to purposes other than the exclusive benefit of the Employees of the Board and their Beneficiaries or the payment of expenses of the Plan.

Separate audited financial statements are available for the Plan.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the balance sheet, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

Statements of Cash Flows

The definition of cash for purposes of the statements of cash flows is cash on hand and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates market.

Property, Plant and Equipment

Purchased and constructed property, plant and equipment ("PP&E") are recorded at cost. Donated PP&E are recorded at their estimated fair market value on the date received.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	7 - 50 years
Furniture, machinery and equipment	5 - 20 years

Depreciation and amortization for the years ended December 31, 1997 and 1996 were as follows (amounts expressed in thousands):

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

	<u>Years Ended December 31,</u>	
	<u>1997</u>	<u>1996</u>
Operating expenses, water service	\$ 21,047	\$ 21,047
Nonoperating expenses	99	92
Other, as allocated	<u>1,769</u>	<u>1,748</u>
Total depreciation and amortization	22,915	22,887
Less: amortization of plant-related studies included in deferred charges	<u>(1,389)</u>	<u>(1,386)</u>
Total depreciation and amortization of property, plant and equipment	<u>\$ 21,526</u>	<u>\$ 21,501</u>

Contributions in aid of construction ("CAC") represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. System development charges ("SDC") represent fees charged to customers to connect to the water system. Assets acquired through CAC and SDC are included in property, plant and equipment. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CAC and SDC assets, respectively, and is charged to operations and then closed to the related equity accounts.

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in net income.

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are included in property, plant and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, such costs are expensed. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 1997 and 1996, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled \$19.0 million and \$20.3 million, respectively.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets.

Interest earned on funds received from the issuance of Certificates is netted against capitalized interest for those projects.

Revenue

The Board accrues for estimated unbilled revenues for water provided through the end of each year since the last reading of the meters based on the billing cycle.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

Rates

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

On September 19, 1995, the Board approved a rate increase, effective January 1, 1996, which was estimated to increase normalized (weather adjusted) annual revenues by 5.8%.

On October 1, and October 15, 1996, the Board approved rate increases for different customer groups, all effective January 1, 1997, which were collectively estimated to increase normalized annual revenues by 4.5%.

On September 16, 1997, the Board approved a rate increase, effective January 1, 1998, which is estimated to increase normalized annual revenues by 3.1%.

Employee Compensated Absences

The Board's policy is to accrue for employee vacation, sick leave and other compensated absences when the employee vests in such benefits. Nonvested sick leave is expensed when paid.

Early Implementation of GASB Statement No. 27

The Board has implemented GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," in 1995, in advance of the 1998 implementation date established by the GASB. The implementation affects the disclosure in Note 8, "Defined Benefit Pension Plan." It does not affect the balance sheets, statements of revenues, expenses and changes in retained earnings, or statements of cash flows.

Implementation of GASB Statement No. 32

The Board has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" in 1997 (see Note 6).

Classification of Accounts

Certain amounts in the 1996 Statement of Revenues, Expenses and Changes in Retained Earnings have been reclassified to conform to the current year presentation.

(2) CONTRIBUTIONS IN AID OF CONSTRUCTION AND SYSTEM DEVELOPMENT CHARGES

Changes in CAC and SDC for the years ended December 31, 1997 and 1996 were as follows (amounts expressed in thousands):

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

	CAC	SDC
Balance, December 31, 1995	\$ 136,064	\$ 206,601
Additions	6,740	15,122
Current year's depreciation expense	(2,010)	(4,147)
Balance, December 31, 1996	140,794	217,576
Additions	15,015	26,485
Current year's depreciation expense	(2,094)	(4,389)
Balance, December 31, 1997	<u>\$ 153,715</u>	<u>\$ 239,672</u>

(3) CASH AND TEMPORARY CASH INVESTMENTS

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Repurchase agreements
- Banker's acceptances
- Commercial paper
- Money market mutual funds

The Board's investments are categorized to give an indication of the level of custodial credit risk assumed by the Board at year-end. Under the criteria of GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," Category 1 includes investments which are insured or registered or held by the Board or its agent in the Board's name; Category 2 includes investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Board's name; and Category 3 includes investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Board's name.

The Board's restricted and unrestricted investments at December 31, 1997, at cost and market value, consisted of the following (amounts expressed in thousands):

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

	Carrying Amount and Market Value
U.S. Government and Agency Securities	\$ 112,222
Commercial Paper	23,875
Total Category 1	136,097
Money Market Mutual Funds (Not Categorized)	7,544
	<u>\$ 143,641</u>

The Board's bank balances are also categorized to give an indication of the level of custodial credit risk assumed by the Board at year-end. Under the criteria of GASB Statement No. 3, Category 1 includes bank balances which are insured or collateralized with securities held by the Board or its agent in the Board's name; Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name; and Category 3 includes bank balances which are uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Board's name).

The carrying amount of cash at December 31, 1997, was \$91,000, and the bank balances totaled \$617,000. Of the total of bank balances, \$100,000 was insured by federal depository insurance (Category 1), and the remainder was collateralized with securities held by banks in their trust departments pursuant to the Colorado Public Deposit Protection Act, and as such, are classified as Category 2.

(4) CERTIFICATES OF PARTICIPATION

The Certificates (see Note 1) were issued pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee") and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding Certificates will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

Certificates were first issued in 1987 to finance the construction of pretreatment facilities for the Marston Treatment Plant. The Certificates were issued in the amount of \$28,185,000, to be retired over a 20-year period at an average interest rate of 7.82%. The pretreatment facilities were completed in 1989.

In 1991, additional Certificates were issued in the amount of \$58,930,000 to provide the Board with financing for the construction of improvements to the Moffat Treatment Plant, the construction of the 64th Avenue Pump Station, and to advance refund \$20,735,000 of the 1987 Certificates. The 1991 Certificates are to be retired over a 20-year period at an average interest rate of 6.70%.

The partial advance refunding of the 1987 Certificates resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of \$1,861,000. This difference, reported as a deduction from the Certificates, was amortized as a component of interest expense through May 1997, when the remaining 1987 Certificates were paid off.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

The MLPA, as amended, requires a reserve fund be established from proceeds from the sale of the Certificates. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 1997 and 1996, Restricted Investments included restricted reserve fund investments of \$5,958,000 and \$6,109,000, respectively. At the end of the lease term, the reserve fund and any related interest will be returned to the Board.

A summary of debt maturity for the Certificates as of December 31, 1997, is as follows (amounts expressed in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Year of Maturity:</u>			
Current:	<u>\$ 2,270</u>	<u>\$ 3,489</u>	<u>\$ 5,759</u>
Long-term:			
1999	2,395	3,353	5,748
2000	2,535	3,209	5,744
2001	2,685	3,057	5,742
2002	2,845	2,893	5,738
After 2002	<u>41,295</u>	<u>16,203</u>	<u>57,498</u>
	51,755	28,715	80,470
Less discount	<u>(410)</u>	<u>-</u>	<u>(410)</u>
Total long-term	<u>51,345</u>	<u>28,715</u>	<u>80,060</u>
	<u><u>\$ 53,615</u></u>	<u><u>\$ 32,204</u></u>	<u><u>\$ 85,819</u></u>

The Certificates are also collateralized by certain assets purchased and/or constructed under the MLPA. The related net book value of the assets that collateralize the Certificates at December 31, 1997 is as follows (amounts expressed in thousands):

Restricted investments	\$ 5,958
Utility plant in service	75,553
Less-accumulated depreciation	<u>(10,067)</u>
	<u><u>\$ 71,444</u></u>

(5) PROPERTY UNDER CAPITAL LEASE

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use, and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a \$2.4 million nonrefundable deposit, was \$43 million, and the Board recorded an asset and obligation under capital lease of that amount. The project was completed in the fall of 1995.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

Minimum capital lease payments during 1997 totaled \$3,000,000. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 1997 (amounts expressed in thousands):

<u>Year Ending December 31:</u>	
1998	\$ 3,000
1999	3,000
2000	3,000
2001	3,000
2002	3,000
After 2002	<u>52,500</u>
Total minimum lease payments	67,500
Less interest at 6.75%	<u>(33,035)</u>
Present value of minimum lease payments (obligation under capital lease)	34,465
Less current portion	<u>(685)</u>
	<u><u>\$ 33,780</u></u>

(6) DEFERRED COMPENSATION PLAN

The Board has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary. The Board does not make any contributions. The Board has no liability for losses under the plan but does have the usual fiduciary responsibilities of a plan sponsor.

Prior to January 1, 1997, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights ("plan assets") were (until paid or made available to the employee or other beneficiary) solely the property and rights of the Board (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Board's general creditors. Participants' rights under the plan were equal to those of general creditors of the Board in an amount equal to the fair market value of the deferred account for each participant.

Effective January 1, 1997, Internal Revenue Code Section 457 was amended to require all plan assets to be held in qualified trust, custodial account, or annuity contract for the benefit of participants and their beneficiaries. To meet these requirements, non-annuity plan assets were transferred to a bank custodial account for the benefit of participants and their beneficiaries, and are therefore no longer considered property of the Board and cannot be used to satisfy creditor claims. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the deferred compensation assets and associated liabilities were removed from the 1997 balance sheet.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

(7) BONDS PAYABLE

Bonds payable consists of general obligation water improvement and refunding bonds of the City. The Board is committed to repay the bonds and related interest from its revenues. Interest rates for the bonds outstanding at December 31, 1997, range from 1.0% to 9.0%. The average interest rate on all outstanding bonds was 5.56% for the years ended December 31, 1997 and 1996. A summary of debt maturity for the bonds as of December 31, 1997, is as follows (amounts expressed in thousands):

<u>Year of Maturity:</u>	
Current:	\$ 18,685
Long-term:	
1999	18,255
2000	16,250
2001	13,500
2002	12,890
After 2002	163,625
	224,520
Plus premium, net of discount	7
Less deferred amount on refunding	(1,826)
	222,701
Total long-term	222,701
	\$ 241,386

In prior years, the Board defeased certain City General Obligation bonds in order to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments) by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Board's financial statements. The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt, the "deferred amount on refunding." This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized as a component of interest expense. At December 31, 1997, \$29,080,000 of bonds outstanding are considered defeased.

(8) DEFINED BENEFIT PENSION PLAN

Plan Description

The Board sponsors and administers a trustee, single-employer defined benefit pension plan, the Employees' Retirement Plan of the Denver Board of Water Commissioners ("Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to substantially all regular full-time employees of the Board and their beneficiaries. It also provides retirement benefits in the event of total and permanent disability, and a \$5,000 death benefit. Article IV, Chapter C4.19 of the Charter of the City and County of Denver, Colorado assigns the authority to establish and amend benefit provisions to the Board; however, any amendment which substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Director of Finance, Denver Water, 1600 West 12th Avenue, Denver, CO 80254.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

Funding Policy

The Contribution requirements of plan members and the Board are established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of a monthly annuity with no cost of living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost for 1997 was \$5,044,620, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 1997 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 5.0% to 12.2% per year, and (c) 5% per year cost-of-living adjustments for members terminating or retiring before September 1, 1995, and 4.4% per year for members terminating or retiring on or after September 1, 1995. Salary increases include an inflation component of 5.0%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts on a closed basis. The remaining amortization period at January 1, 1997 was 28 years.

Trend Information

Three-year trend information for the Board's pension cost and contributions is as follows (amounts expressed in thousands):

<u>Year</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
1995	\$ 6,047	100%	\$ -
1996	\$ 5,857	100%	\$ -
1997	\$ 5,044	100%	\$ -

A Schedule of Funding Progress for the Plan is as follows (amounts expressed in thousands):

<u>Actuarial Valuation Date</u>	<u>Value of Assets (a)</u>	<u>Liability (AAL) -- Entry Age (b)</u>	<u>AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Percentage of Covered Payroll [(b-a)/c]</u>
1/1/95	\$ 97,599	\$ 129,051	\$ 31,452	75.6%	\$41,573	75.7%
1/1/96	\$110,713	\$ 137,877	\$ 27,164	80.3%	\$41,182	66.0%
1/1/97	\$124,913	\$ 145,404	\$ 20,491	85.9%	\$42,142	48.6%

(9) RISK MANAGEMENT

The Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to \$150,000 per person and \$600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability and selective property damage, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

Board carries commercial property insurance for catastrophic losses, including floods and earthquakes, for four major facilities: the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, and the Foothills Water Treatment Plant. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Employee life and workers' compensation insurance are under retrospectively rated policies whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on retrospectively rated policies are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 1997, claims liabilities consisting of workers' compensation, medical and dental benefits, and employee life insurance were \$1,389,000. Changes in the balances of these liabilities during 1996 and 1997 were as follows (amounts expressed in thousands):

	Beginning- of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
1996	\$ 2,276	\$ 4,203	\$ (5,118)	\$ 1,361
1997	\$ 1,361	\$ 4,364	\$ (4,336)	\$ 1,389

The Board has designated \$4 million of its investments as available for claims covered by self-insurance.

(10) POSTRETIREMENT BENEFITS

As part of the retirement program revisions instituted in 1995, the Board, under authority of the City Charter, established a postretirement health care benefit in the form of a \$125 fixed monthly subsidy for medical, dental, or vision insurance coverage obtained through the Board's health plan to all employees taking early retirement. The subsidy begins with the first pension payment and continues until the retiree reaches age 65 or until pension payments cease, whichever is earlier. The subsidy is not written in the retirement plan or paid out of retirement plan funds and can only be used each month to offset part or all of that month's cost of insurance coverage. Currently, 51 retirees are eligible to receive this benefit. Expenses of this program are recognized as incurred, which amounted to \$59,000 and \$36,000 during 1997 and 1996, respectively.

(11) SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT ("SACWSD") SYSTEM DEVELOPMENT CHARGES

On December 23, 1997, the Board and SACWSD entered into a Memorandum of Understanding ("MOU") whereby the Board will supply 4,000 acre-feet of treated water annually to SACWSD, beginning on or before October 1, 2004, for which SACWSD paid \$22,920,000. The MOU is contingent upon SACWSD's acquiring, developing, and conveying to the Board storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and total costs under the MOU not exceeding \$46 million. If the contingency is not met, SACWSD may, at its discretion, terminate the MOU, and the Board will reimburse the \$22,920,000 payment. The Board recorded the payment in Restricted Investments and Customer Advances for Construction. When the contingency is no longer in effect, the \$22,920,000 will be removed from Restricted Investments and transferred from Customer Advances for Construction to System Development Charges.

NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 1997 and 1996

(12) YEAR 2000 (Unaudited)

The Board utilizes software and related technologies within its business processes that may be impacted by the year 2000 issue. The year 2000 issue exists because many computer systems and applications currently use two digit date fields to designate a year. Date sensitive systems may recognize the year 2000 as 1900, or not at all. This inability to properly treat the year 2000 could cause systems to process critical financial and operational information incorrectly.

The Board has completed its initial assessment of all currently used systems and developed a plan to correct the systems that will be affected. The Board continues to evaluate appropriate courses of corrective action, including the replacement of certain systems. In addition, the Board is relying on outside vendors to provide new system upgrades to mitigate the year 2000 issue.

If such modifications and conversions are not completed timely, the year 2000 issue may have a material impact on the operations of the Board. Management does not anticipate these activities will have a material adverse impact on the financial position, results of operations or cash flows of the Board.

SUPPLEMENTAL INFORMATION

PROPERTY, PLANT AND EQUIPMENT
For the Year Ended December 31, 1997
(amounts expressed in thousands)

EXHIBIT I

		Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31,
	Depreciation Life (Years)	Balance, December 31, 1996	Additions and Transfers	Sales and Retirements	Balance, December 31, 1997	Balance, December 31, 1996	Provision	Sales, Retirements and Transfers	Balance, December 31, 1997	1997
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	\$ 336,872	\$ 11,205	\$ (465)	\$ 347,612	\$ 82,195	\$ 4,215	\$ (48)	\$ 86,362	\$ 261,250
Pumping plant	20 - 80	30,865	2,231	(146)	32,950	9,839	633	(110)	10,362	22,588
Water treatment plant	20 - 80	193,707	(1,418)	(72)	192,217	38,758	3,521	(87)	42,192	150,025
Transmission and distribution plant	30 - 80	517,000	19,541	(243)	536,298	102,201	7,692	(10)	109,883	426,415
General plant and equipment	5 - 50	67,285	6,441	(1,410)	72,316	30,956	4,429	(1,209)	34,176	38,140
Leasehold and other improvements	5 - 10	3,570	2,188		5,758	1,321	400		1,721	4,037
Land held for future use		14,444		(8)	14,436					14,436
Total utility plant in service		1,163,743	40,188	(2,344)	1,201,587	265,270	20,890	(1,464)	284,696	916,891
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	6,811	127		6,938	2,273	91		2,364	4,574
General equipment	10 - 20	93	8	(1)	100	32	8		40	60
Total nonutility plant in service		6,904	135	(1)	7,038	2,305	99		2,404	4,634
UTILITY PLANT UNDER CAPITAL LEASE	80	42,981			42,981	672	537		1,209	41,772
CONSTRUCTION IN PROGRESS		23,115	7,341		30,456					30,456
Total property, plant and equipment		\$ 1,236,743	\$ 47,664	\$ (2,345)	\$ 1,282,062	\$ 268,247	\$ 21,526	\$ (1,464)	\$ 288,309	\$ 993,753

GENERAL OBLIGATION WATER IMPROVEMENT AND REFUNDING BONDS

EXHIBIT II-A

Outstanding at December 31, 1997

(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 1997	Amount			Bonds Which Are Callable		
		Issued	Retired	Outstanding	Callable Amount	Bond Nos.**	Initial Date Callable
Nov 1, 1959	1.00-3.70%	\$ 17,000	\$ 16,040	\$ 960	\$ 960	16,041-17,000	Nov. 1, 1979
Apr 1, 1961	3.50%	15,000	13,180	1,820	1,820	13,181-15,000	Apr. 1, 1981
Apr 1, 1962	3.30%	15,000	13,680	1,320	1,320	2,737-3,000	Apr. 1, 1982
Jun 1, 1964	3.30-3.40%	10,000	9,000	1,000	1,000	1,801-2,000	June 1, 1984
May 1, 1966*	3.50%	6,290	5,490	800	800	1,099-1,258	May 1, 1986
Jan 1, 1977*	5.45-6.40%	5,900		5,900	5,900	1-1,180	July 1, 1990
Jan 1, 1978*	5.20-5.60%	3,200		3,200	3,200	1- 640	Jan 1, 1990
Sep 1, 1992*	5.75-5.90%	16,060		16,060	16,060	Regstrd.	Sept. 1, 2002
Mar 1, 1993*	4.50-6.00%	59,600	2,770	56,830	49,045	Regstrd.	Sept. 1, 2001
Sep 1, 1993*	4.80-5.10%	15,600		15,600	15,600	Regstrd.	Sept. 1, 2003
Jun 15, 1994*	5.00-7.00%	131,835	40,950	90,885	35,895	Regstrd.	Oct. 1, 2003
Sept. 15, 1995*	4.75-5.00%	12,825		12,825	6,000	Regstrd.	Oct. 1, 2005
Sept. 15, 1996*	4.20-9.00%	16,975	500	16,475	7,330	Regstrd.	Oct. 1, 2006
Aug. 1, 1997*	4.40-5.50%	19,530		19,530	11,900	Regstrd.	Oct. 1, 2007
		<u>\$344,815</u>	<u>\$ 101,610</u>	<u>243,205</u>	<u>\$156,830</u>		
Plus premium, net of discount				7			
Less deferred amount on refunding				(1,826)			
				<u>\$ 241,386</u>			

* Refunding Serial Issue.

** Callable Bonds are redeemable in inverse serial order.

SUMMARY OF DEBT SERVICE REQUIREMENTS

EXHIBIT II-B

Outstanding at December 31, 1997

Years 1998 to 2012 Inclusive

(amounts expressed in thousands)

<u>Year</u>	<u>Bond Retirements (Exhibit II-C)</u>	<u>Bond Interest (Exhibit II-D)</u>	<u>Total Debt Service</u>
1998	\$ 18,685	\$ 12,741	\$ 31,426
1999	18,255	11,695	29,950
2000	16,250	10,639	26,889
2001	13,500	9,864	23,364
2002	12,890	9,209	22,099
2003	13,265	8,574	21,839
2004	14,030	7,904	21,934
2005	22,940	7,196	30,136
2006	20,145	6,020	26,165
2007	25,215	4,967	30,182
2008	23,550	3,624	27,174
2009	15,770	2,319	18,089
2010	21,380	1,513	22,893
2011	4,430	380	4,810
2012	2,900	149	3,049
Total	243,205	96,794	339,999
Plus premium, net of discount	7		7
Less deferred amount on refunding	(1,826)		(1,826)
	<u>\$ 241,386</u>	<u>\$ 96,794</u>	<u>\$ 338,180</u>

SCHEDULE OF BOND RETIREMENTS

EXHIBIT II-C

For Bonds Outstanding at December 31, 1997

Years 1998 to 2012 Inclusive

(amounts expressed in thousands)

Year	Series 1959	Series 1961	Series 1962	Series 1964	Series 1966 Refunding	Series 1977 Refunding	Series 1978 Refunding	Series 1992 Refunding	Series 1993A Refunding	Series 1993B Refunding	Series 1994 Refunding	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Total
1998	\$ 960	\$ 910	\$ 660	\$ 500	\$ 400	\$ 400	\$ 200		\$ 3,125		\$ 10,870		\$ 660		\$ 18,685
1999		910	660	500	400	1,000	500		1,825		11,550		910		18,255
2000						1,000	500		2,050		10,765	1,000	935		16,250
2001						1,000	500		785		9,135	1,100	980		13,500
2002						1,000	500		2,020		6,180	1,165	1,025	1,000	12,890
2003						1,500	500		1,425		6,490	1,175	1,075	1,100	13,265
2004							500		3,155		6,810	1,185	1,130	1,250	14,030
2005									12,045		7,180	1,200	1,185	1,330	22,940
2006								500	9,365	300	7,335		1,245	1,400	20,145
2007								3,600	15,370	2,200	1,210		1,285	1,550	25,215
2008								11,960	5,665	1,800	1,010		1,415	1,700	23,550
2009										11,300	1,010		1,460	2,000	15,770
2010											11,340	6,000	1,540	2,500	21,380
2011													1,630	2,800	4,430
2012														2,900	2,900
	<u>\$ 960</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>\$ 800</u>	<u>\$ 5,900</u>	<u>\$ 3,200</u>	<u>\$ 16,060</u>	<u>\$ 56,830</u>	<u>\$ 15,600</u>	<u>\$ 90,885</u>	<u>\$ 12,825</u>	<u>\$ 16,475</u>	<u>\$ 19,530</u>	<u>\$243,205</u>

SCHEDULE OF BOND INTEREST

EXHIBIT II-D

For Bonds Outstanding at December 31, 1997

Years 1998 to 2012 Inclusive

(amounts expressed in thousands)

Year	Series 1959	Series 1961	Series 1962	Series 1964	Series 1966 Refunding	Series 1977 Refunding	Series 1978 Refunding	Series 1992 Refunding	Series 1993A Refunding	Series 1993B Refunding	Series 1994 Refunding	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Total
1998	\$ 10	\$ 48	\$ 33	\$ 25	\$ 21	\$ 327	\$ 171	\$ 945	\$ 2,928	\$ 792	\$ 4,870	\$ 633	\$ 818	\$ 1,120	\$ 12,741
1999		16	11	8	7	302	160	945	2,744	793	4,326	633	791	959	11,695
2000						247	132	945	2,662	792	3,518	633	751	959	10,639
2001						192	106	945	2,567	793	3,007	586	709	959	9,864
2002						138	80	945	2,530	792	2,568	533	664	959	9,209
2003						82	54	945	2,433	793	2,259	477	615	916	8,574
2004							27	945	2,363	792	1,928	419	564	866	7,904
2005								945	2,206	793	1,574	360	508	810	7,196
2006								945	1,591	793	1,193	300	449	749	6,020
2007								916	1,104	778	799	300	387	683	4,967
2008								706	297	668	734	300	321	598	3,624
2009										576	679	300	248	516	2,319
2010											624	300	170	419	1,513
2011													88	292	380
2012														149	149
	<u>\$ 10</u>	<u>\$ 64</u>	<u>\$ 44</u>	<u>\$ 33</u>	<u>\$ 28</u>	<u>\$ 1,288</u>	<u>\$ 730</u>	<u>\$ 10,127</u>	<u>\$ 23,425</u>	<u>\$ 9,155</u>	<u>\$ 28,079</u>	<u>\$ 5,774</u>	<u>\$ 7,083</u>	<u>\$ 10,954</u>	<u>\$ 96,794</u>

STATISTICAL SUMMARY: 1988 - 1997

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Population Served ¹	957,000	945,000	952,000	947,000	928,000	912,000	908,000	891,000	887,000	879,000
Total Treated Water Delivered/Consumption in Million Gallons	75,363.33	76,203.96	65,267.91	76,516.08	72,562.61	73,043.27	67,435.91	72,043.94	77,262.29	78,718.55
Average Day Treated Water Use Rate (MGD) ²	206.47	208.21	178.82	209.63	198.80	199.57	184.76	197.38	211.68	215.67
Average Consumption per Capita per Day in Gallons	216	220	188	221	214	219	203	222	239	245
Maximum Day Treated Water Use Rate (MGD) ²	517.57	456.99	453.55	479.01	438.20	414.11	414.79	507.12	553.28	477.65
Maximum Hour Treated Water Use Rate (MGD) ²	712.48	736.53	565.13	717.57	661.80	643.60	599.82	713.04	808.85	706.09
Treated Water Pumped in Million Gallons	34,179.67	39,578.30	32,115.03	40,720.24	35,826.13	32,613.51	29,349.37	26,089.81	27,724.95	22,870.50
Raw Water Storage Capacity in Acre-Feet	545,476	545,476	545,476	545,476	545,476	545,476	546,164	543,141	543,141	543,141
Replacement Reservoir Storage Capacity in Acre-Feet	96,822	96,822	96,822	96,822	96,822	96,822	96,822	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet ³	194,478	131,242	178,286	134,116	117,914	131,341	125,705	127,429	128,422	173,097
Supply from Moffat System in Acre-Feet	77,630	60,520	69,271	45,782	38,468	49,984	67,558	75,840	67,073	80,602
Supply from Blue River/Roberts Tunnel System in Acre-Feet	92,174	89,268	98,176	90,479	135,770	89,573	83,681	76,131	85,936	58,564
Treated Water Pumping Capacity in MGD ²	1,027.5	1,027.5	1,116.8	1,116.8	1,091.8	1,091.8	1,091.8	1,091.8	1,156.8	1,156.8
Raw Water Pumping Capacity in MGD ²	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD ²	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0	715.0	715.0
Treated Water Reservoir Capacity in Million Gallons	400.5	408.2	408.2	408.2	393.2	393.2	393.2	372.0	375.0	377.0
Supply Mains in Miles (Mountain Collection System)	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	39.2	39.2	39.3	39.3	39.3	39.3	39.3	39.3	39.3	39.3
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	2,486.1	2,464.0	2,442.6	2,377.6	2,362.8	2,355.6	2,343.4	2,328.4	2,321.0	2,309.3
Nonpotable Transmission and Distribution Mains in Miles	15.6	14.7	14.6	-	-	-	-	-	-	-
Total Active Taps-End of Year ¹	271,338	268,676	271,999	268,506	265,233	262,184	259,695	258,096	256,587	255,559
Fire Hydrants Operated & Maintained	13,575	13,298	13,005	12,524	12,364	12,282	12,196	12,125	12,045	11,963
Breaks in Mains - Denver	251	200	147	222	239	206	225	225	235	196
Service Leaks	591	648	548	631	635	550	637	625	618	551
Fire Hydrants Tested and Repaired	26,188	14,894	18,086	16,195	14,823	19,689	22,981	20,931	18,526	15,810
Employees (Authorized Staffing)	1,032	1,030	1,031	1,063	1,068	1,086	1,109	1,089	1,088	1,036
Financial Information⁴										
Gross Property, Plant & Equipment	\$1,282,062	\$ 1,236,743	\$ 1,209,646	\$ 1,173,637	\$ 1,145,118	\$ 1,117,889	\$ 1,032,229	\$ 976,327	\$ 944,978	\$ 915,031
Net Property, Plant & Equipment (after depreciation)	\$ 993,753	\$ 968,496	\$ 959,945	\$ 941,516	\$ 926,511	\$ 899,916	\$ 830,229	\$ 789,316	\$ 771,064	\$ 754,428
Additions to Property, Plant & Equipment	\$ 47,664	\$ 33,178	\$ 38,491	\$ 35,355	\$ 48,543	\$ 121,442	\$ 82,362	\$ 37,576	\$ 37,000	\$ 35,684
Operating Revenues ⁵	\$ 121,074	\$ 118,580	\$ 94,952	\$ 100,992	\$ 85,143	\$ 81,637	\$ 76,107	\$ 78,511	\$ 80,032	\$ 81,053
Operating Expenses ⁵	\$ 93,202	\$ 92,072	\$ 86,742	\$ 79,888	\$ 78,651	\$ 73,655	\$ 72,156	\$ 71,769	\$ 62,185	\$ 55,583
Operating Income	\$ 27,872	\$ 26,508	\$ 8,210	\$ 21,104	\$ 6,492	\$ 7,982	\$ 3,951	\$ 6,742	\$ 17,847	\$ 25,470
Net Income (Loss)	\$ 19,198	\$ 8,193	\$ (6,883)	\$ 3,461	\$ (11,115)	\$ (9,833)	\$ (8,202)	\$ (1,472)	\$ 11,690	\$ 14,496
Retained Earnings (Reinvested)	\$ 410,129	\$ 384,448	\$ 370,098	\$ 371,225	\$ 364,077	\$ 370,080	\$ 375,081	\$ 378,681	\$ 375,763	\$ 359,881
Total Long-Term Debt ⁶	\$ 329,466	\$ 334,618	\$ 340,598	\$ 346,806	\$ 349,585	\$ 350,885	\$ 311,175	\$ 269,306	\$ 283,275	\$ 281,680

¹Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield.

²MGD = Million Gallons per Day.

³Supply includes effluent exchanges.

⁴Amounts expressed in thousands.

⁵See "Detail of Revenues and Expenses."

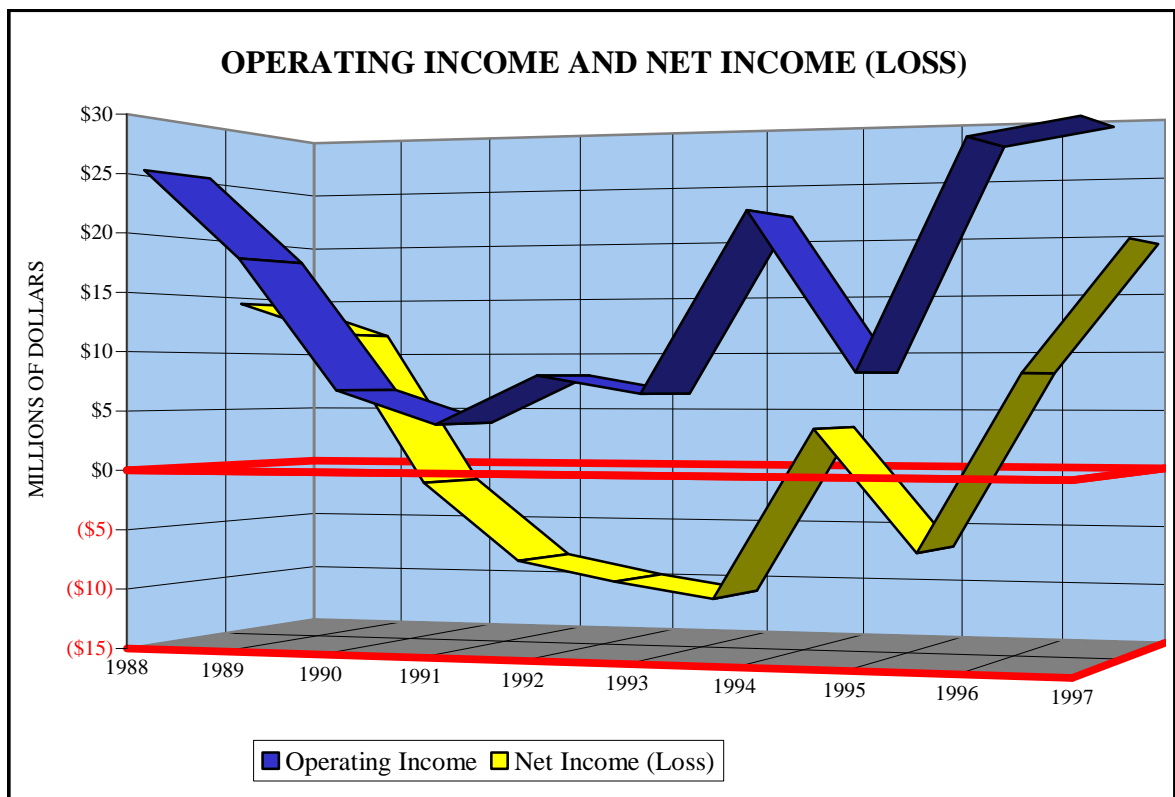
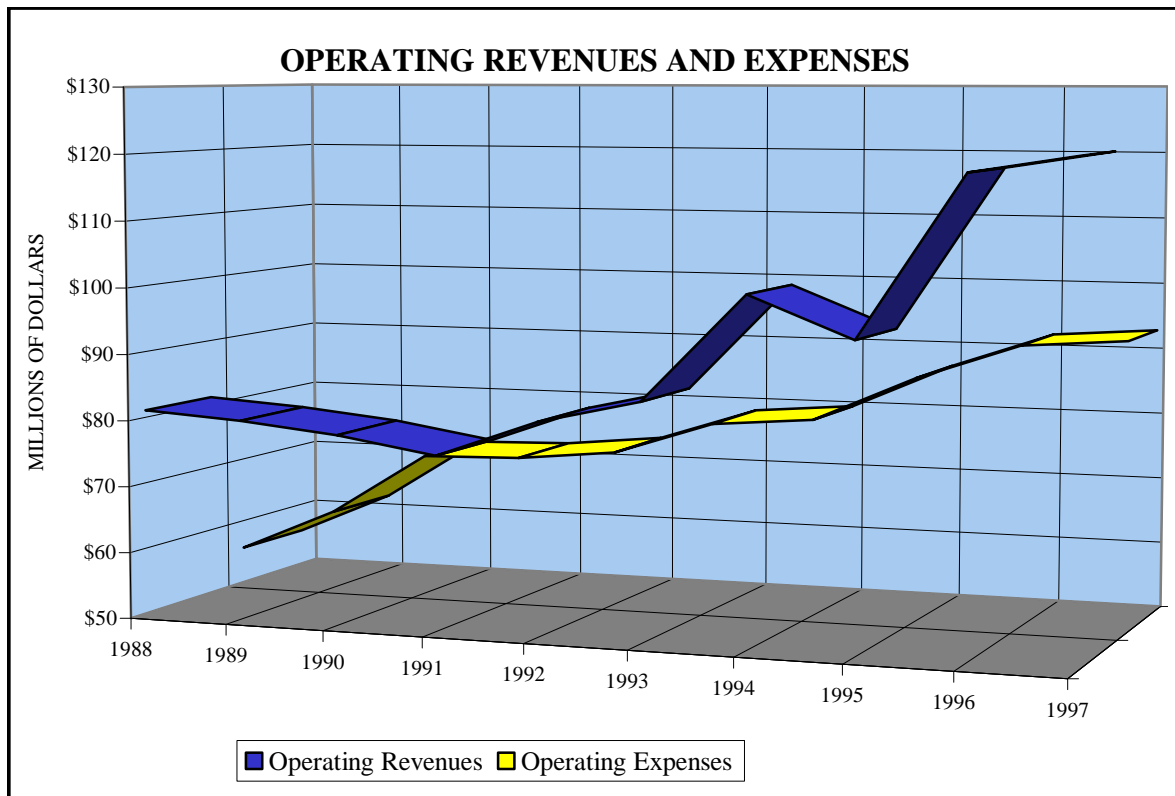
⁶Includes current and long-term portions of bonds payable, certificates of participation, and obligations under capital lease, net of discounts, premiums and deferred losses on advance refundings.

DETAIL OF REVENUES AND EXPENSES: 1988 - 1997

(amounts expressed in thousands)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
OPERATING REVENUES:										
Water	\$ 116,884	\$ 114,635	\$ 91,051	\$ 97,920	\$ 82,300	\$ 78,966	\$ 73,752	\$ 76,206	\$ 77,749	\$ 79,006
Power generation and other	4,190	3,945	3,901	3,072	2,843	2,671	2,355	2,305	2,283	2,047
Total operating revenues	121,074	118,580	94,952	100,992	85,143	81,637	76,107	78,511	80,032	81,053
OPERATING EXPENSES:										
Water service-										
Source of supply, pumping, treatment and distribution	40,266	38,046	35,173	30,795	29,716	28,677	29,605	29,430	22,905	20,750
General and administrative	25,236	26,836	26,958	25,522	24,810	21,988	22,212	21,446	19,322	16,829
Depreciation and amortization	21,047	21,047	18,890	17,447	16,704	16,013	13,178	12,603	11,716	11,074
Customer service	6,653	6,143	5,721	6,124	5,867	4,836	4,576	4,202	3,845	3,548
Total water service	93,202	92,072	86,742	79,888	77,097	71,514	69,571	67,681	57,788	52,201
Reuse demonstration plant-										
Operations and maintenance	-	-	-	-	60	463	892	2,390	2,690	1,720
Depreciation and amortization	-	-	-	-	1,494	1,678	1,693	1,698	1,707	1,662
Total reuse demonstration plant	-	-	-	-	1,554	2,141	2,585	4,088	4,397	3,382
Total operating expenses	93,202	92,072	86,742	79,888	78,651	73,655	72,156	71,769	62,185	55,583
OPERATING INCOME	27,872	26,508	8,210	21,104	6,492	7,982	3,951	6,742	17,847	25,470
NONOPERATING REVENUES (EXPENSES):										
Interest income	5,958	4,417	4,498	2,972	2,517	4,989	7,580	10,430	13,005	9,301
Interest expense, less capitalized interest	(19,350)	(19,979)	(20,383)	(19,633)	(21,918)	(21,487)	(18,460)	(17,946)	(17,957)	(18,913)
Gain (loss) on disposition of property, plant and equipment	4,158	(2,968)	(44)	(668)	1,283	(1,204)	(804)	(234)	(907)	(1,092)
Other income (expense), net	560	215	836	(314)	511	(113)	(469)	(464)	(298)	(270)
Net nonoperating expenses	(8,674)	(18,315)	(15,093)	(17,643)	(17,607)	(17,815)	(12,153)	(8,214)	(6,157)	(10,974)
NET INCOME (LOSS)	\$ 19,198	\$ 8,193	\$ (6,883)	\$ 3,461	\$ (11,115)	\$ (9,833)	\$ (8,202)	\$ (1,472)	\$ 11,690	\$ 14,496

REVENUES AND EXPENSES - 10 YEAR GRAPHS: 1988 - 1997



Supply

1997 Facts

Raw water collected	364,282	A.F.
Percent of average yield	140%	
Percent from South Platte System	54%	
Percent from Moffat System	21%	
Percent from Roberts Tunnel System	25%	
Reservoir storage, January 1	450,837	A.F.
Percent of capacity	83%	
Reservoir storage, December 31	494,510	A.F.
Percent of capacity	91%	
Power generation	56,568,690	KWH
Value of power generation	\$2,029,787	

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**Supply
Map of Raw Water Supply System**

SOURCE OF SUPPLY - 1997

Reservoirs and Collection Systems

	Capacity in <u>Acre-Feet</u>	Capacity in <u>Million Gals.</u>
RAW WATER STORAGE		
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.1
Antero	20,015	6,521.9
Chatfield	11,060	3,603.9
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	<u>504,410</u>	<u>164,362.5</u>
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,864	2,562.5
Long Lakes	1,716	559.2
Platte Canyon	941	306.6
Total Operating Reservoirs	<u>41,066</u>	<u>13,381.4</u>
TOTAL RAW WATER STORAGE	<u><u>545,476</u></u>	<u><u>177,743.9</u></u>
REPLACEMENT RESERVOIR		
Williams Fork	<u>96,822</u>	<u>31,549.5</u>
MOUNTAIN COLLECTION SYSTEM		
	<u>Length in Feet</u>	<u>Length in Miles</u>
Moffat Collection System:		
Concrete and Steel Pipe	84,899	16.1
Moffat Water Tunnel	32,383	6.1
Open Canals	26,373	5.0
Covered Canals	23,807	4.5
Other Tunnels	10,953	2.1
Total Moffat Collection System	<u>178,415</u>	<u>33.8</u>
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	<u>54,180</u>	<u>10.3</u>
Roberts Tunnel	<u>122,953</u>	<u>23.3</u>
South Boulder Diversion Conduit:		
Open Canals	34,250	6.5
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	748	0.1
Total South Boulder Diversion Conduit	<u>53,650</u>	<u>10.2</u>
TOTAL MOUNTAIN COLLECTION SYSTEM	<u><u>409,198</u></u>	<u><u>77.6</u></u>

SOURCE OF SUPPLY - 1997 (Continued)

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	<u>Size</u>	<u>Kind of Pipe</u>	<u>Capacity in MGD</u>	<u>Length in Feet</u>	<u>Length in Miles</u>
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
Total Conduit 20			222.0	64,512	12.2
Conduit 22:	30"	Concrete		47	- ¹
	48"	Concrete		11	- ¹
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:	126"	Steel		1,746	0.3
	126"	Concrete		147	- ¹
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				207,792	39.2

¹Less than 0.1 mile.

INFILTRATION GALLERIES, WELLS

	<u>Capacity in MGD</u>
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- ¹

¹Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

HYDROELECTRIC POWER - 1997

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	<u>Kilowatt Hours</u>	<u>Value</u>
Net Power Generation: ¹		
Dillon	14,130,366	\$ 509,544
Foothills	10,262,167	487,954
Hillcrest	7,443,594	241,228
Roberts Tunnel	3,000,277	69,852
Strontia Springs	7,688,616	268,764
Williams Fork	14,043,670	452,445
Total Power Generation	56,568,690	2,029,787
Power Purchased for Department of Energy (DOE) power interference	7,102,830	200,719
TOTAL POWER GENERATION AND PURCHASE	<u>63,671,520</u>	<u>2,230,506</u>
POWER DISTRIBUTION		
Power Consumption: ¹		
Foothills	5,447,404	268,933
Hillcrest	1,137,953	86,462
Total Power Consumption	<u>6,585,357</u>	<u>355,395</u>
Power Sales:		
To Public Service:		
Dillon	14,130,366	509,544
Foothills	4,814,763	219,021
Hillcrest	6,305,641	154,766
Roberts Tunnel	3,000,277	69,852
Strontia Springs	7,688,616	268,764
	<u>35,939,663</u>	<u>1,221,947</u>
To Tri-State:		
Williams Fork	11,920,500	376,384
Total Power Sales	<u>47,860,163</u>	<u>1,598,331</u>
Power Deliveries to DOE for Power Interference:		
Williams Fork	2,123,170	76,061
Purchased Power	7,102,830	200,719
Total Power Deliveries to DOE	<u>9,226,000</u>	<u>276,780</u>
TOTAL POWER DISTRIBUTION	<u>63,671,520</u>	<u>2,230,506</u>
DOE BANKED POWER INTERFERENCE ACCOUNT		
Balance, Beginning of Year	140,828,000	4,224,840
Power Deliveries to DOE	9,226,000	276,780
Net Interference	(9,312,000)	(279,360)
Balance, End of Year	<u>140,742,000</u>	<u>\$ 4,222,260</u>

¹Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses.
Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PSC tariff schedule TT, June 4, 1988.

²Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

HYDROELECTRIC POWER - 1997 (Continued)

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant						Total
	<u>Dillon</u>	<u>Foothills</u>	<u>Hillcrest</u>	<u>Roberts Tunnel</u>	<u>Strontia Springs</u>	<u>Williams Fork</u>	
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION							
Public Service Company Sales	\$ 509,544	\$ 219,021	\$ 154,766	\$ 69,852	\$ 268,764	\$ -	\$ 1,221,947
Foothills Consumption	-	268,933	-	-	-	-	268,933
Hillcrest Consumption	-	-	86,462	-	-	-	86,462
Delivered to DOE	-	-	-	-	-	76,061	76,061
Delivered to Tri-State	-	-	-	-	-	376,384	376,384
TOTAL VALUE	<u>509,544</u>	<u>487,954</u>	<u>241,228</u>	<u>69,852</u>	<u>268,764</u>	<u>452,445</u>	<u>2,029,787</u>
COST OF POWER GENERATION							
Transmission Wheeling	-	-	-	8,239	-	-	8,239
Operation and Maintenance	55,737	93,772	81,243	771,980	76,357	88,505	1,167,594
Administrative Expense	15,026	32,630	19,845	63,241	20,088	21,890	172,720
Depreciation	<u>91,033</u>	<u>64,176</u>	<u>134,383</u>	<u>125,222</u>	<u>42,984</u>	<u>14,776</u>	<u>472,574</u>
TOTAL COST	<u>161,796</u>	<u>190,578</u>	<u>235,471</u>	<u>968,682</u>	<u>139,429</u>	<u>125,171</u>	<u>1,821,127</u>
Net Return (Loss)	<u>\$ 347,748</u>	<u>\$ 297,376</u>	<u>\$ 5,757</u>	<u>\$ (898,830)</u>	<u>\$ 129,335</u>	<u>\$ 327,274</u>	<u>\$ 208,660</u>
Plant Investment (Before Depreciation)	<u>\$ 4,375,508</u>	<u>\$ 2,687,611</u>	<u>\$ 6,262,033</u>	<u>\$ 5,883,074</u>	<u>\$ 1,704,126</u>	<u>\$ 1,155,166</u>	<u>\$ 22,067,518</u>
Return on Investment	<u>8%</u>	<u>11%</u>	<u>0%</u>	<u>(15)%</u>	<u>8%</u>	<u>28%</u>	<u>1%</u>

WATER SUPPLY, USE, AND STORAGE: 1988 - 1997

Values in acre-feet

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
SUPPLY										
South Platte System:										
South Platte Direct Rights	119,689	75,280	109,674	61,177	61,014	76,334	72,035	76,856	73,280	89,880
South Platte Storage Rights	68,492	36,266	55,634	42,940	36,430	39,706	37,374	38,776	33,926	67,392
Bear Creek	47	14	154	569	214	111	656	699	10,022	5,923
Total South Platte System	188,228	111,560	165,462	104,686	97,658	116,151	110,065	116,331	117,228	163,195
Roberts Tunnel /Blue River System	92,174	89,268	98,176	90,479	135,770	89,573	83,681	76,131	85,936	58,564
Effluent Exchange ¹	6,250	19,682	12,824	29,430	20,256	15,190	16,438	11,098	11,194	9,902
Moffat System:										
Fraser Collection System	44,932	47,838	18,174	37,204	32,408	44,148	56,448	56,270	51,461	66,314
Williams Fork Collection System	2,692	1,508	26	-	460	-	2,974	9,348	9,574	5,286
Cabin-Meadow Creek System	2,820	3,068	5,252	7,104	3,652	4,800	2,372	4,948	5,570	4,418
South Boulder Creek	22,142	7,892	33,421	102	620	2	4,094	3,090	468	3,902
Ralston Creek	5,044	214	12,398	1,372	1,328	1,034	1,670	2,184	-	682
Total Moffat System	77,630	60,520	69,271	45,782	38,468	49,984	67,558	75,840	67,073	80,602
Total Water Supply	364,282	281,030	345,733	270,377	292,152	270,898	277,742	279,400	281,431	312,263
USE										
Foothills Filters	162,841	152,057	153,757	145,954	169,908	162,224	133,946	138,781	146,456	165,649
Marston Filters	26,874	20,750	16,877	43,216	39,215	38,175	29,728	30,633	36,561	21,090
Moffat Filters	41,491	57,206	29,634	45,758	13,612	23,646	43,168	51,738	51,438	55,007
Total Water Filtered	231,206	230,013	200,268	234,928	222,735	224,045	206,842	221,152	234,455	241,746
Change in Clear Water Storage	(2)	119	32	(107)	(47)	119	113	(57)	514	(167)
Total Treated Water Delivered ²	231,204	230,132	200,300	234,821	222,688	224,164	206,955	221,095	234,969	241,579
Raw Water Deliveries	30,248	30,910	26,012	34,474	40,743	22,768	28,096	25,813	23,689	25,700
Operating Losses ³	57,275	20,252	64,626	21,222	19,995	24,621	21,307	17,909	13,134	10,336
Evaporation Losses ⁴	1,878	6,154	2,207	10,961	8,236	9,952	9,075	10,068	10,474	22,040
Total Water Use	320,605	287,448	293,145	301,478	291,662	281,505	265,433	274,885	282,266	299,655
STORAGE										
Total Reservoir Storage, December 31	494,510	450,837	504,591	448,117	479,218	478,728	489,335	477,026	472,511	473,346
Total Reservoir Storage, January 1	450,837	504,591	448,117	479,218	478,728	489,335	477,026	472,511	473,346	460,738
Storage Gain or (Loss)	43,673	(53,754)	56,474	(31,101)	490	(10,607)	12,309	4,515	(835)	12,608

¹Initiated exchange programs for Blue River effluent on September 10, 1976.²Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.³Operating losses are computed. They include river carrying charges and losses between supply and distribution system measuring points, but do not include spills or by-passes attributable to the capacity limitations of facilities.⁴Initiated compensatory storage releases on August 27, 1976, as required for reservoir evaporation losses. Effective April 12, 1989, evaporation losses for Antero, Eleven Mile, and Cheesman Reservoirs are no longer required.

Pumping

1997 Facts

Water pumped - Current year	34,179.7	MG
Water pumped - Last year	39,578.3	MG
Percentage decrease from last year	(13.6)%	
Number of pump stations	17	
Maximum pumping capacity	1,027.5	MGD
Pumping energy costs	\$1,886,000	
Percentage decrease from last year	(24.1)%	

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Pumping
Map Pumping Stations and Treatment Plants

PUMPING STATION CAPACITIES - 1997

Center of pump U.S.G.S. elevations in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse- power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>	
BELLEVIEW (5,714)	4	Patterson	Ideal Electric	900	260	15.0	M	R
11200W. Belleview Ave.	5	Worthington	Westinghouse	300	260	5.0	M	R
	6	Worthington	General Electric	600	260	10.0	M	R
	7	Worthington	General Electric	900	260	15.0	M	R
				<u>2,700</u>		<u>45.0</u>		
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M	R
9265 Washington St.	2	Patterson	Ideal Electric	400	350	5.0	M	R
	3	Patterson	Ideal Electric	400	350	5.0	M	R
				<u>1,200</u>		<u>15.0</u>		
CAPITAL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M	R
1000 Elizabeth St.	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Cameron	General Electric	700	164	20.0	M	R
	6	Byron Jackson	Westinghouse	600	175	17.0	M	R
	7	Byron Jackson	Westinghouse	800	175	23.0	M	R
				<u>3,300</u>		<u>92.0</u>		
CHATFIELD (5,740)	1	Peerles	Westinghouse	125	320	1.6	M	R
8371 Continental Divide Rd.	2	Peerles	Westinghouse	125	320	1.6	M	R
	3	Peerles	Lincoln Lineguard	125	320	1.6	M	R
	4	Peerles	Lincoln Lineguard	125	320	1.6	M	R
	5	Peerles	Lincoln Lineguard	125	320	1.6	M	R
				<u>625</u>		<u>8.0</u>		
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M	R
1590 Radcliff Ave.	2	Worthington	General Electric	1,000	220	20.0	M	R
	3	Worthington	General Electric	1,000	220	20.0	M	R
	4	Worthington	General Electric	1,000	220	20.0	M	R
	5	Worthington	General Electric	1,000	220	20.0	M	R
	6	Worthington	General Electric	1,000	220	20.0	M	R
				<u>6,000</u>		<u>120.0</u>		
CLARKSON STREET (5,482)	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
5300 S. Clarkson St.	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	6	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
				<u>900</u>		<u>12.6</u>		
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M	R
1900 S. University Blvd.	3	Byron Jackson	General Electric	600	175	17.0	M	R
	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Byron Jackson	Westinghouse	200	175	5.3	M	R
	6	Worthington	Electric Machinery	800	175	20.0	M	R
	7	Wheeler Economy	General Electric	800	175	20.0	M	R
				<u>3,600</u>		<u>94.3</u>		

¹M=Manual, R=Remote

²Vault Type Structure (underground)

(Continued next page)

PUMPING STATION CAPACITIES - 1997 (Continued)

Center of pump U.S.G.S. elevations in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>
FIFTY-SIXTH AVENUE (5,203) 7355 56th Ave.	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	8	Gould	U.S. Motor	500	75	30.0	M R
	9	Gould	U.S. Motor	500	75	30.0	M R
				<u>8,000</u>		<u>120.0</u>	
GREEN MOUNTAIN (5,837) 12400 W. Jewell Ave.	1	Patterson	General Electric	700	260	10.0	M R
	2	Patterson	General Electric	350	260	5.0	M R
	3	Patterson	General Electric	350	260	5.0	M R
	4	Patterson	General Electric	700	260	10.0	M R
				<u>2,100</u>		<u>30.0</u>	
HIGHLANDS (5,704) (Low Pressure) 8100 S. University Blvd.	1	Fairbanks Morse	General Electric	125	165	3.0	M R
	2	Fairbanks Morse	General Electric	125	165	3.0	M R
	3	Fairbanks Morse	General Electric	125	165	3.0	M R
	4	Fairbanks Morse	General Electric	125	165	3.0	M R
	5	DeLaval	Ideal Electric	350	165	10.0	M R
	6	DeLaval	Ideal Electric	350	165	10.0	M R
	7	DeLaval	Ideal Electric	350	165	10.0	M R
				<u>1,550</u>		<u>42.0</u>	
HIGHLANDS (5,704) (High Pressure) 8100 S. University Blvd.	1	Gould	General Electric	900	260	15.0	M R
	4	Gould	General Electric	900	260	15.0	M R
	6	Gould	General Electric	300	110	10.0	M R
	7	Gould	General Electric	300	110	10.0	M R
	8	Gould	General Electric	150	110	5.0	M R
	9	Gould	General Electric	150	110	5.0	M R
				<u>2,700</u>		<u>60.0</u>	
HILLCREST (5,602) (Low Pressure) 4200 S. Happy Canyon Rd.	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M R
	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M R
	3	DeLaval	Electric Machinery	200	163	5.0	M R
	4	DeLaval	Electric Machinery	400	163	11.0	M R
	5	DeLaval	Electric Machinery	400	163	11.0	M R
	6	Worthington	Fairbanks Morse	400	163	11.0	M R
	7	Worthington	Fairbanks Morse	400	163	11.0	M R
				<u>1,950</u>		<u>52.0</u>	
HILLCREST (5,602) (High Pressure) 4200 S. Happy Canyon Rd.	8	American Marsh	Westinghouse	75	320	0.8	M R
	9	DeLaval	Electric Machinery	200	318	2.5	M R
	10	DeLaval	Electric Machinery	350	313	4.8	M R
	11	DeLaval	Electric Machinery	800	315	10.5	M R
	12	DeLaval	Electric Machinery	800	315	10.5	M R
	13	Patterson	Ideal Electric	900	320	10.0	M R
				<u>3,125</u>		<u>39.1</u>	
KENDRICK (5,607) (Low Pressure) 9380 W. Jewell Ave.	1	Patterson	Ideal Electric	300	120	10.0	M R
	2	DeLaval	General Electric	300	117	10.0	M R
	3	Worthington	General Electric	75	119	2.9	M R
	4	Worthington	General Electric	75	119	2.9	M R
	5	Worthington	General Electric	75	119	2.9	M R
				<u>825</u>		<u>28.7</u>	

¹M=Manual, R=Remote

(Continued next page)

PUMPING STATION CAPACITIES - 1997 (Continued)

Center of pump U.S.G.S. elevations in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse- power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
9380 W. Jewell Ave.	9	Patterson	Waukesha ³	700	260	10.0	M R
	10	DeLaval	Waukesha ³	400	260	5.0	M
	11	Patterson	Ideal Electric	700	260	10.0	M R
				<u>3,400</u>		<u>45.0</u>	
LAKERIDGE (5,516)	1	American	United States	50	120	1.7	M R
2700 S. Raleigh St.	2	Pacific	Ideal Electric	75	120	2.9	M R
	3	Pacific	Ideal Electric	75	120	2.9	M R
	4	Allis Chalmers	Allis Chalmers	50	120	2.0	M R
				<u>250</u>		<u>9.5</u>	
LAMAR (5,443) ²	1	Worthington	Marathon Electric	100	120	2.9	M R
6301 W. Yale Ave.	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				<u>275</u>		<u>7.8</u>	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
7700 E. Chapparel Rd.	5	Gould	Siemens & Allis	150	127	5.0	M R
				<u>600</u>		<u>20.0</u>	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
7700 E. Chapparel Rd.	8	Gould	Siemens & Allis	600	227	10.0	M R
				<u>1,500</u>		<u>25.0</u>	
MARSTON (5,485)	1	Worthington	Waukesha ³	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
5700 W. Quincy Ave.	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				<u>3,500</u>		<u>100.0</u>	
MARSTON (5,485)							
(High Pressure)							
5700 W. Quincy Ave.	8	Patterson	Waukesha ³	400	260	6.5	M R
	10	Patterson	Ideal Electric	900	260	15.0	M R
	11	Patterson	Ideal Electric	900	260	15.0	M R
				<u>2,200</u>		<u>36.5</u>	
SIXTY-FOURTH AVENUE (5,42	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
21850 E. 64th Ave.				<u>300</u>		<u>15.0</u>	
SIXTY-FOURTH AVENUE (5,42	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
21850 E. 64th Ave.							
			Grand Total	<u>51,000</u>		<u>1,027.5</u>	

Note: City Datum = 5,172.91

¹M=Manual, R=Remote

²Vault Type Structure (underground)

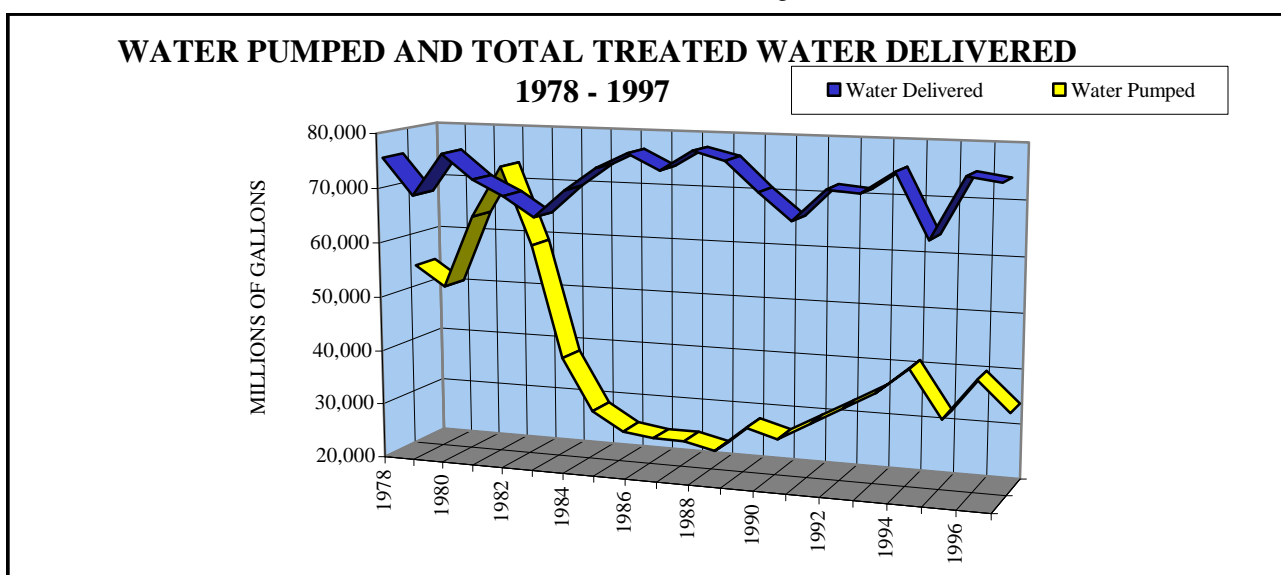
³Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1978 - 1997

Year	Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps		Total Pumping Power Used (kwh)	Gas Used (dth)	Total Power, Electric and Gas Costs ¹
			Number	Capacity (million gals.)			
1978	53,897.87	75,450.61	150	1,100.6	53,242,739	-	\$1,423,019
1979	50,192.25	68,768.66	147	1,098.2	50,389,204	-	\$1,742,657
1980	63,677.45	76,577.86	146	1,116.4	60,509,639	-	\$2,583,666
1981	73,261.58	72,135.96	144	1,110.6	67,662,243	-	\$3,287,932
1982	58,834.39	69,415.05	139	1,100.1	60,232,436	-	\$3,391,148
1983	38,010.33	65,815.78	131	1,109.4	41,763,645	-	\$2,204,291
1984	28,378.59	70,930.52	121	1,088.1	36,468,802	-	\$2,316,083
1985	25,000.29	75,100.00	128	1,182.2	34,963,885	-	\$2,114,549
1986	24,237.58	77,887.63	129	1,203.6	27,464,812	-	\$1,895,623
1987	24,158.20	75,162.49	127	1,201.8	28,220,134	-	\$1,818,839
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	\$1,572,461
1989	27,724.95	77,262.29	118	1,156.8	27,181,894	-	\$1,859,268
1990	26,089.81	72,043.94	113	1,091.8	27,734,829	-	\$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	\$1,778,200 ²
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	\$1,782,578 ²
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	\$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	\$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	\$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	\$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	\$1,997,924

¹Total energy costs for all Denver metropolitan area Board water distribution facilities.

²Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



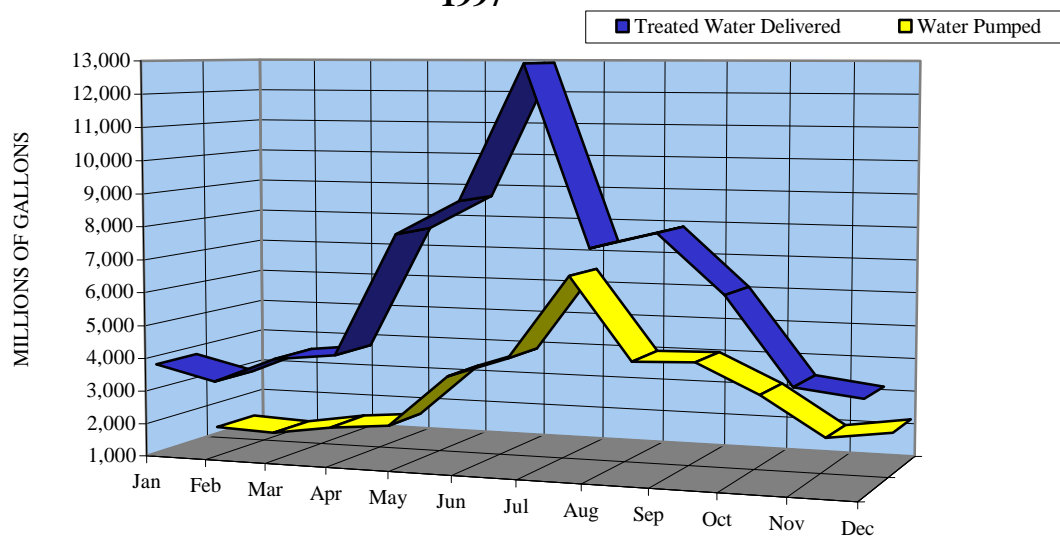
WATER PUMPED MONTHLY - 1997

(millions of gallons)

	<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>		<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>
January	1,215.76	3,744.61	August	3,958.14	7,702.68
February	1,124.54	3,296.22	September	4,017.69	8,189.84
March	1,403.51	4,067.53	October	3,125.67	6,489.00
April	1,570.61	4,281.04	November	1,952.46	3,981.86
May	3,228.20	7,939.16	December	2,222.61	3,751.71
June	3,879.51	8,965.76			
July	6,480.97	12,953.92	Total Year	<u>34,179.67</u>	<u>75,363.33</u>

WATER PUMPED AND TOTAL TREATED WATER DELIVERED

1997



WATER PUMPED BY STATION - 1997

(millions of gallons)

Bellevue	3,759.56	Hillcrest (High)	909.70
Broomfield	831.08	Kendrick (Low)	738.98
Capital Hill	1.60	Kendrick (High)	3,424.34
Chatfield	777.69	Lakeridge	707.78
Cherry Hills	299.58	Lamar	648.68
Clarkson Street	514.26	Lone Tree	1,429.39
Einfeldt	450.89	Marston (Low)	5,340.87
Fifty-Sixth Avenue	717.58	Marston (High)	1,103.99
Green Mountain	1,902.36	Sixty-Fourth Ave. (High)	253.63
Highlands (Low)	1,816.59	Sixty-Fourth Ave. (Low)	17.49
Highlands (High)	8,428.20		
Hillcrest (Low)	105.44	Total	<u>34,179.67</u>

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 1997

High water U.S.G.S. elevation in parentheses

	Capacity (million gals.)		Capacity (million gals.)
Alameda & Beech (6,042): ¹		Hogback (6,007)	3.95
Number 1	1.0		
Number 2	2.0	KenCaryl Ranch (6,410) ¹	
	<u>3.0</u>	Number 3	2.0
		Number 4	2.0
Ashland (5,430):			<u>4.0</u>
East Basin	19.1		
West Basin	21.9	Kendrick (5,627)	15.0
	<u>41.0</u>		
		Lakehurst Tank (5,708) ¹	4.0
Bellevue (5,743)	<u>10.0</u>		
		Lone Tree (5,930)	10.0
Broomfield (5,335)			
Number 1	2.5	Marston Treatment (5,503):	
Number 2	2.5	Number 1	3.5
	<u>5.0</u>	Number 2	3.5
		Number 3	10.4
Broomfield Tank (5,491) ¹	<u>3.0</u>	Number 4	14.0
			<u>31.4</u>
Capital Hill (5,395):			
Number 1	23.4	Moffat Treatment (5,624):	
Number 2	29.8	Number 1	5.1
Number 3	27.0	Number 2	5.1
	<u>80.2</u>	Number 3	6.0
		Number 4	13.1
Chatfield Tank (5,740)	<u>5.0</u>		<u>29.3</u>
Fifty-Sixth Avenue (5,223)	<u>15.0</u>	Sixty-Fourth Avenue (5,460)	15.0
Foothills (5,860):		Southgate (6,123) ¹	
Number 1	25.0	Number 1	2.0
Number 2	25.0	Number 2	6.0
	<u>50.0</u>		<u>8.0</u>
Green Mountain (5,859)	<u>5.0</u>	Utah Tank (6,042) ¹	3.0
Highlands (5,722):		Valley Tank (6,000) ¹	2.0
Number 1	3.3		
Number 2	3.2	Willows Tank (5,868) ¹	
Number 3	13.5	Number 1	2.8
	<u>20.0</u>	Number 2	5.2
			<u>8.0</u>
Hillcrest (5,624):			
Number 1	14.8	Total Capacity	400.5
Number 2	14.8		
	<u>29.6</u>		

¹Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

Pump Station	Pump Number	Make of Pump	Make of Motor	Horse- Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				<u>600</u>		<u>90.0</u>
		Total		<u>630</u>		<u>92.2</u>

Treatment and Water Quality

1997 Facts

Treated water delivered	75,363.33	MG
Decrease from 1996.....	(840.63)	MG
Average day treated water use rate.....	206.47	MGD
Maximum day treated water use rate: (July 16).....	517.57	MGD
Maximum hour treated water use rate: (July 14, at 10:00 p.m.).....	712.48	MGD
Water Quality:		
Total samples collected.....	9,845	
Microbiological analyses completed.....	9,789	
Chemical analyses completed.....	42,915	

CONSUMPTION OF TREATED WATER: 1978 - 1997

Year	Acre-Feet	(million gallons)			Population July 1 ¹	Avg. Daily Gals. Per Capita	Precipitation in Inches ²	
		Annual	Daily Avg.	Daily Max.			Year	4/1 to 9/30
1978 ³	231,549	75,450.61	206.71	454.47	830,000	249	13.25	8.69
1979 ³	211,045	68,768.66 ⁴	188.41	474.46 ⁴	838,000	224 ⁴	21.88	14.68
1980 ³	235,010	76,577.86 ⁴	209.23	484.68 ⁴	846,000	244 ⁴	14.13	10.51
1981 ³	221,378	72,135.96 ⁴	197.63	438.05 ⁴	856,000	227 ⁴	14.03	8.65
1982	213,026	69,415.05 ⁴	190.18	494.56 ⁴	856,000	219 ⁴	17.90	13.03
1983	201,981	65,815.78	180.32	433.29	863,000	209	23.12	14.46
1984	217,679	70,930.52	193.80	485.04	862,000 ⁵	225	19.76	11.40
1985	233,141	75,100.00	208.13	490.84	870,000	239	17.05	12.12
1986	239,029	77,887.63	213.39	505.80	875,000	244	14.97	9.31
1987	230,666	75,162.49	205.92	518.55	879,000	234	20.16	12.16
1988	241,579	78,718.55	215.67	477.65	879,000	245	15.94	12.19
1989	237,109	77,262.29	211.67	553.29	887,000	239	14.90	11.11
1990	221,095	72,043.94	197.38	507.12	891,000	222	16.57	9.79
1991	206,953	67,435.91	184.76	414.79	908,000	203	19.02	13.91
1992	224,162	73,043.27	199.57	414.11	912,000	219	16.54	8.58
1993	222,686	72,562.61	198.80	438.20	928,000	214	15.74	9.69
1994	234,819	76,516.08	209.63	479.01	947,000	221	13.50	8.17
1995	200,300	65,267.91	178.82	453.55	952,000	188	21.10	17.92
1996	233,861	76,203.96	208.21	456.99	945,000 ⁶	220	14.81	11.15
1997	231,282	75,363.33	206.47	517.57	957,000	216	19.73	14.20

¹Population estimates are treated water customers only. Revised data from 1981 to 1990 are interpolated from analysis of the 1990 census.

²Precipitation readings are the averages of Stapleton, Lakewood, Cherry Creek Dam, and Kassler measurement stations.

³Water restrictions in effect from June 1 to September 30, 1977 - 1980, and May 1 to September 30, 1981

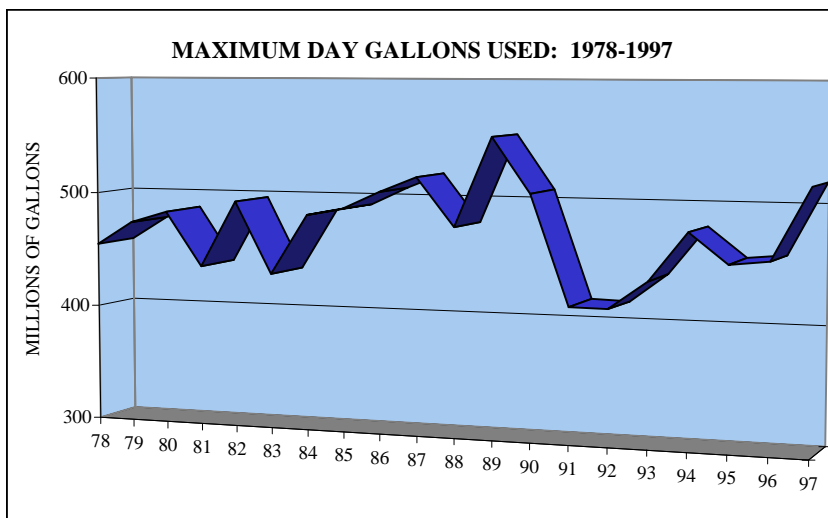
⁴Annual consumption includes 406.05 mg sold to the City of Aurora during 1979, 1,007.21 mg sold during 1980, 1,084.10 mg sold during 1981, and 1,082.93 mg sold during 1982, when Aurora's raw water conduit was out of service due to Denver's Foothills Project construction. These amounts were subtracted from the listed annual consumption totals in computing the average daily gallons per capita figures.

⁵Population decrease due to loss of Sable District from the system

⁶Population decrease due to excluding the City of Broomfield's population beginning 1996

TREATMENT PLANT CAPACITY

Plant	Type	Capacity in MGD
Foothills	Dual-Media	250.0
Marston	Dual-Media	200.0
Moffat	Rapid Sand	195.0
		<u>645.0</u>

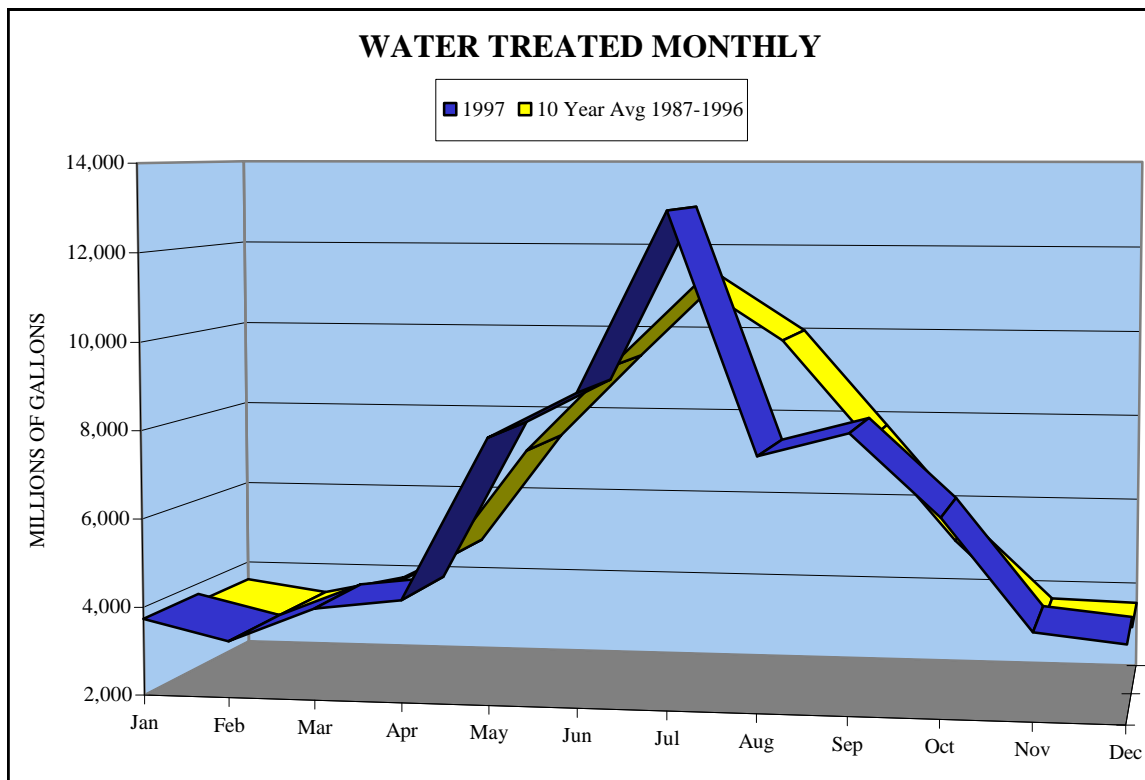


WATER TREATED MONTHLY - 1997

(millions of gallons)

	Foothills Filters	Marston Filters	Moffat Filters	Total
January	3,256.37	-	485.43	3,741.80
February	2,953.70	-	331.61	3,285.31
March	3,654.03	-	422.65	4,076.68
April	3,547.21	-	755.94	4,303.15
May	5,630.76	527.35	1,820.80	7,978.91
June	5,766.60	1,288.45	1,939.82	8,994.87
July	7,445.09	2,189.70	3,350.88	12,985.67
August	4,472.98	1,028.50	2,161.69	7,663.17
September	4,967.90	1,400.46	1,825.54	8,193.90
October	5,526.15	869.97	-	6,396.12
November	3,324.01	637.30	-	3,961.31
December	2,515.28	814.97	425.08	3,755.33
Total	<u>53,060.08</u>	<u>8,756.70</u>	<u>13,519.44</u>	<u>75,336.22</u>

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.



Total Water Treated for the Year	75,336.22 MG
Plus Decrease in Clear Water Storage	27.11 MG
Total Treated Water Delivered for the Year	<u>75,363.33 MG</u>

CHEMICAL TREATMENT AND ANALYSIS: TREATED WATER IN DISTRIBUTION SYSTEM - 1997

CHEMICAL TREATMENT - 1997

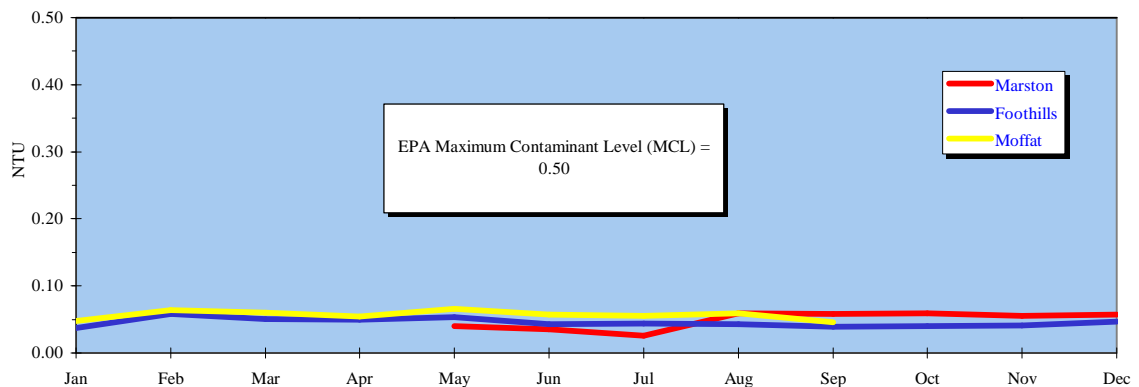
	Pounds of Chemicals Used				Total Cost
	Foothills	Marston	Moffat	Total	
Aluminum Sulfate (Liquid Alum)	19,645,545	3,683,005	9,045,711	32,374,261	\$1,196,517
Ammonium Hydroxide (Aqua Ammonia)	594,391	114,210	155,102	863,703	57,259
Powdered Activated Carbon	-	-	-	-	-
Calcium Oxide (Lime - Bulk)	77,503	-	-	77,503	3,525
Calcium Hydroxide (Lime -Bulk)	-	-	1,293,690	1,293,690	93,477
Chlorine, Liquid	1,204,713	226,462	324,294	1,755,469	327,345
Caustic Soda	5,875,500	1,052,731	1,156,625	8,084,856	387,477
Polymer (Anionic)	-	-	-	-	-
Polymer (Cationic)	909,592	113,057	-	1,022,649	481,344
Polymer (Nonionic)	48,645	3,325	30,103	82,073	126,496
Potassium Permanganate	441	-	-	-	437
Soda Ash	-	-	199,240	199,240	11,866
Sodium Silicofluoride	282,715	42,300	131,978	456,993	117,136
Total Cost					<u>\$2,802,878</u>

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS - 1997

Month	Number of Samples	Number of Positives	% Positive
January	470	0	0.00%
February	427	1	0.23%
March	513	0	0.00%
April	495	0	0.00%
May	473	1	0.21%
June	548	2	0.36%
July	651	7	1.08%
August	508	1	0.20%
September	550	3	0.55%
October	584	0	0.00%
November	501	0	0.00%
December	599	1	0.17%
	<u>6,319</u>	<u>16</u>	<u>0.25%</u>

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if *E. coli* bacteria were present, which would indicate possible contamination from a fecal source. There was one positive *E. coli* sample in 1997 and the repeat sample was negative.

TREATMENT PLANT EFFLUENT AVERAGE TURBIDITY - 1997



Turbidity is a measure of the clarity of the water. EPA has established 0.50 NTU as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 1997

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as CaCO ₃		65	66	26
Chlorine, Total		1.35	1.43	1.33
Color (PCU)		6	4	2
Hardness as CaCO ₃		99	102	50
Monochloramine		1.12	1.26	1.28
PH (SU)		7.8	7.7	7.4
Specific Conductance (µS)		292	278	128
Temperature (°C)		15	10	13
Total Dissolved Solids		179	174	87
Turbidity (NTU)	0.50	0.05	0.05	0.06
Metals (mg/L)				
Aluminum, Total		0.05	0.03	0.01
Barium, Total	2	0.04	0.04	0.02
Calcium		26	25	14
Copper, Total	TT ¹	0.01	0.02	0.06
Iron, Total		0.05	0.03	0.02
Lithium		0.005	0.006	<0.005
Magnesium		8.0	8.0	2.3
Manganese, Total		0.016	0.007	0.002
Molybdenum, Total		0.010	0.009	0.007
Potassium		1.8	1.7	0.8
Sodium		22	21	8
Strontium		0.2	0.2	<0.1
Zinc, Total		0.005	0.002	0.009
Ions (mg/L)				
Chloride		24.7	24.1	3.7
Fluoride	4.0	0.90	0.90	0.83
Nitrate-Nitrogen	10	0.05	0.06	0.10
Phosphorus, Total		0.018	0.014	0.015
Silicon Dioxide		4.5	4.1	7.0
Sulfate		47.9	45.7	30.2

(Continued next page)

¹ TT indicates that the MCL involves treatment techniques.

² DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 1997 (Continued)

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
Radiological (pCi/L)				
Beta, Total	5	3	2	<2
Radium-228		<1	<1	1
Uranium (mg/L)		0.0010	0.0011	0.0008
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		6	1	-
Plankton (Count/mL)		1	1	6
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		2.1	1.6	1.7
1,1-Dichloropropanone		0.6	0.7	0.7
Bromochloroacetic acid		2.5	2.9	1.2
Bromochloroacetonitrile		0.7	0.3	<0.2
Bromodichloroacetic acid		4	3	<1
Bromodichloromethane		10.2	6.3	2.3
Chloral hydrate		3.4	2.3	2.6
Chloroform		25.2	22.4	29.1
Cyanogen chloride		1.1	2.5	1.8
Dibromochloromethane		1.8	0.8	0.4
Dichloroacetic acid		9.2	13.0	21.1
Dichloroacetonitrile		3.0	2.3	2.2
Haloacetic Acids (5)		23	28	39
Haloacetic Acids (6)		25	31	41
Total Trihalomethanes	1	37	30	31
Trichloroacetic acid		13.2	14.3	17.3
Trichloroacetonitrile		0.1	0.1	<0.1
Nonspecific Organics				
Total Organic Carbon (mg/L)		2.4	1.9	1.7
Total Organic Halogen (µg/L)		163	144	114
UV Absorbance @ 254nm (AU)		0.032	0.034	0.031

¹ TT indicates that the MCL involves treatment techniques.

² DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY: TREATMENT PLANT EFFLUENT AVERAGES - 1997

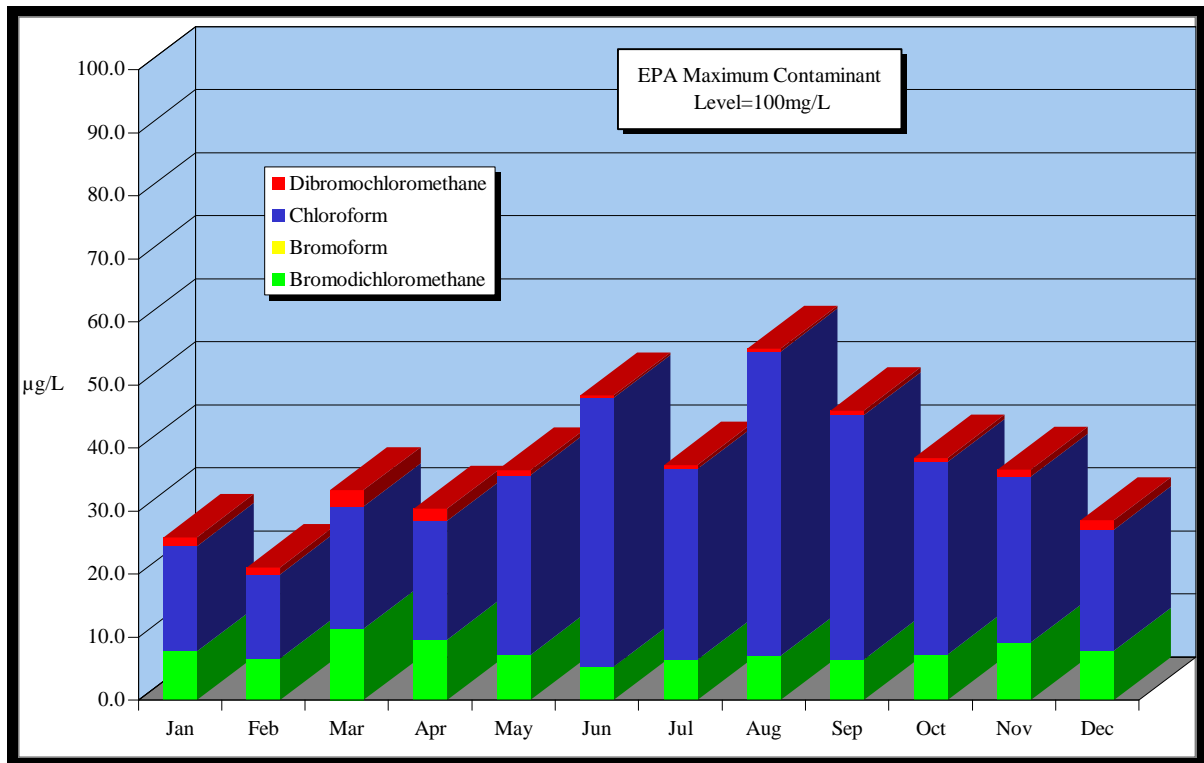
The following analyses were performed and each of these constituents was either not detected or the average result was less than the reporting limit. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

General	Bromobenzene	2,4,5-T	Methiocarb
Asbestos (7)	Bromochloromethane	2,4-D (70)	Methomyl
Chlorine, Free	Bromomethane	2,4-DB	Methoxychlor (40)
Metals (mg/L)	Carbon disulfide	2,4'-DDD	Metolachlor
Aluminum, Available	Chloroacetonitrile	3,5-Dichlorobenzoic acid	Metribuzin
Antimony, Total (0.006)	Chlorobenzene (100)	3-Hydroxycarbofuran	Mevinphos
Arsenic, Total (0.05)	Chloroethane	4,4'-DDD	MGK-264
Boron	Chloromethane	4,4'-DDE	Mirex
Beryllium, Total (0.004)	cis-1,2-Dichloroethene (70)	4,4'-DDT	Molinate
Cadmium, Total (0.005)	cis-1,3-Dichloropropene	4-Nitrophenol	Napropamide
Chromium, Total (0.1)	Dibromomethane	⌘-BHC	Oxamyl (200)
Lead, Total (TT ¹)	Dichlorodifluoromethane	Acifluorfen	Paraquat
Mercury, Total (0.002)	Dichloromethane (5)	Alachlor (2)	Pebulate
Nickel, Total (0.1)	Diethyl ether	Aldicarb	Picloram (500)
Selenium, Total (0.05)	Ethyl Benzene (700)	Aldicarb sulfone	Prometon
Silver, Total	Ethyl methacrylate	Aldicarb sulfoxide	Prometryn
Thallium, Total (0.002)	Hexachlorobutadiene	Aldrin	Pronamide
Vanadium	Hexachloroethane	Ametryn	Propachlor
Ions (mg/L)	Iodomethane	Atraton	Propazine
Ammonia-Nitrogen	Isopropyl Benzene	Atrazine (3)	Propoxur
Bromide	m-Dichlorobenzene	⌘-BHC	Silvex (50)
Cyanide (0.2)	Methacrylonitrile	Bentazon	Simazine (4)
Nitrite-Nitrogen (1)	Methyl tert-butylether	Bromacil	Simetryn
Radiological (pCi/L)	Methylacrylate	Butachlor	Stirofos
Alpha, Total (15)	Methylmethacrylate	Carbaryl	Terbacil
Plutonium 239 + 240	Naphthalene	Carbofuran (40)	Terbutryn
Radium-226	n-Butyl Benzene	Chlordane (2)	Terbutylazin
Radon	Nitrobenzene	Chlorneb	Toxaphene (3)
Strontium 89 + 90	n-Propyl Benzene	Chlorobenzilate	Triademefon
Microbiological	o-Chlorotoluene	Chlorothalonil	Trifluralin
<i>Cryptosporidium</i>	o-Dichlorobenzene (600)	Chlorpropham	Vernolate
Total Coliform (DS)	p-Chlorotoluene	Cyanazine	Synthetic Organic Compounds (µg/L)
<i>Giardia</i> (TT ¹)	p-Dichlorobenzene (78.5)	Cycloate	1,2,4,5-Tetrachlorobenzene
Volatile Organic Compounds (µg/L)	Pentachloroethane	Dacthal	2,4-Dinitrotoluene
1,1,1,2-Tetrachloroethane	p-Isopropyl Toluene	Dalapon (200)	2-Chlorobiphenyl
1,1,1-Trichloroethane (200)	Propionitrile	⌘-BHC	Acenaphthylene
1,1,2,2-Tetrachloroethane	sec-Butyl Benzene	Dicamba	Anthracene
1,1,2-Trichloroethane (5)	Styrene (100)	Dichlorprop	Benzo(a)anthracene
1,1-Dichloroethane	tert-Butyl Benzene	Dichlorvos	Benzo(a)pyrene (0.2)
1,1-Dichloroethene (7)	Tetrachloroethene (5)	Dieldrin	Benzo(b)fluoranthene
1,1-Dichloropropene	Tetrahydrofuran	Dinoseb (7)	Benzo(g,h,i)perylene
1,2,3-Trichlorobenzene	Toluene (1000)	Diphenamid	Bis(2-ethylhexyl)adipate (400)
1,2,3-Trichloropropane	trans-1,2-Dichloroethene (100)	Diquat (100)	Butyl benzyl phthalate
1,2,3-Trimethylbenzene	trans-1,3-Dichloropropene	Dursban	Chrysene
1,2,4-Trichlorobenzene (70)	trans-1,4-Dichloro-2-butene	Endosulfan sulfate	Dibenzo(a,h)anthracene
1,2,4-Trimethylbenzene	Trichloroethylene (5)	Endosulfan-A	Diethyl phthalate
1,2-Dichloroethane (5)	Trichlorofluoromethane	Endosulfan-B	Dimethyl phthalate
1,2-Dichloropropane (5)	Vinyl acetate	Endothall (100)	Di-n-butyl phthalate
1,3-dichloropropene	Vinyl Chloride (2)	Endrin (2)	Di-n-octyl phthalate
1,3,5-Trimethylbenzene	Xylenes (10000)	Endrin Aldehyde	Fluoranthene
1,3-Dichloropropane	Disinfection By-Products (µg/L)	EPTC	Fluorene
1-Chlorobutane	Bromoform	Ethoprop	Hexachlorobenzene (1)
2,2-Dichloropropane	Carbon tetrachloride (5)	Ethylene dibromide (0.05)	Indeno(1,2,3-cd)pyrene
2-Butanone	Chlorodibromoacetic Acid	Etridiazole	Isophorone
2-Hexanone	Chloropicrin	Glyphosate (700)	Pentachlorobenzene
2-Nitropropane	Dibromoacetic acid	Heptachlor (0.4)	Pentachlorophenol (1)
4-Methyl-2-Pentanone	Dibromoacetonitrile	Heptachlor Epoxide (0.2)	Phenanthrene
Acetone	Monobromoacetic Acid	Hexachlorocyclopentadiene (50)	Polychlorinated Biphenyls (0.5)
Acrylonitrile	Monochloroacetic Acid	Hexazinone	Pyrene
Allyl chloride	Pesticides (µg/L)	Lindane (0.2)	
Benzene (5)	1,2-Dibromo-3-chloropropane (0.2)	Malathion	

¹ TT indicates that the MCL involves treatment techniques.

² DS indicates that the MCL involves calculations based upon the entire distribution system.

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 1997



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 100 µg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are well below the 100 µg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 1997

Samples Collected:

Watershed	176
Treatment plant	615
Distribution system	5,889
Other	3,165
	<u>9,845</u>

Analyses Performed:

Microbiological	9,789
Chemical	42,915
	<u>52,704</u>

Transmission

1997 Facts

Miles of pipe installed	34.5
Miles of pipe in system	2,486.1
Miles of nonpotable pipe in system	15.6
Number of valves operated and maintained	35,704
Number of nonpotable valves in system	113
Number of hydrants operated and maintained	13,575
Leak Detection Program:	
Miles of pipe surveyed	903
Visible leaks pinpointed	246
Non-visible leaks detected	80

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**Transmission
Map of Major Distribution Facilities**

TRANSMISSION AND DISTRIBUTION MAINS - 1997

A. Mains in service within the City, and mains installed by Denver Water in Total Service Contract Areas. ¹

Size	Kind of Pipe	Length in Feet			
		1-1-97	Additions	Reductions	12-31-97
1"	Galvanized Iron	1,818	-	-	1,818
1-1/2"	Copper	361	-	-	361
2"	Galvanized Iron	8,370	-	(480)	7,890
3"	Cement-Asbestos	748	-	-	748
3"	Ductile Iron	163	2	(14)	151
3"	Galvanized Iron	22,822	-	(1,413)	21,409
3-1/2"	Galvanized Iron	731	-	-	731
4"	Cast Iron	53,519	-	(10,586)	42,933
4"	Cement-Asbestos	6,793	-	-	6,793
4"	Ductile Iron	29,795	2,640	(313)	32,122
4"	PVC ²	4,667	717	(31)	5,353
4"	Steel	2,334	-	-	2,334
6"	Cast Iron	2,721,578	23	(15,204)	2,706,397
6"	Cement-Asbestos	519,729	-	(391)	519,338
6"	Ductile Iron	670,054	47,036	(4,806)	712,284
6"	Galvanized Iron	142	-	-	142
6"	PVC ²	208,968	14,712	(21)	223,659
6"	Steel	6,987	-	-	6,987
8"	Cast Iron	1,372,022	-	(8,921)	1,363,101
8"	Cement-Asbestos	405,973	-	(431)	405,542
8"	Ductile Iron	703,394	19,315	(164)	722,545
8"	PVC ²	264,219	55,779	(327)	319,671
8"	Steel	13,160	-	-	13,160
10"	Cast Iron	79,266	3	(10)	79,259
10"	Cement-Asbestos	2,444	-	-	2,444
10"	Ductile Iron	964	16	-	980
10"	PVC ²	17	11	-	28
10"	Steel	141	-	-	141
12"	Cast Iron	1,339,463	-	(2,311)	1,337,152
12"	Cement-Asbestos	328,386	-	(17)	328,369
12"	Ductile Iron	515,583	11,679	(672)	526,590
12"	PVC ²	139,688	16,297	(8)	155,977
12"	Steel	92,029	41	-	92,070
14"	Cast Iron	36,185	-	(117)	36,068
14"	Cement-Asbestos	1,917	-	-	1,917
14"	Ductile Iron	85	21	-	106
14"	Steel	50	-	-	50
15"	Cast Iron	4,473	-	-	4,473
16"	Cast Iron	173,894	-	(1,645)	172,249
16"	Cement-Asbestos	21,990	-	-	21,990
16"	Concrete	4,904	-	-	4,904
16"	Ductile Iron	157,879	5,344	(366)	162,857
16"	Steel	40,910	34	-	40,944
18"	Cast Iron	24,031	-	-	24,031
18"	Concrete	1,564	-	-	1,564
18"	Ductile Iron	441	-	-	441
18"	Steel	22,273	-	-	22,273
20"	Cast Iron	40,872	-	(6)	40,866
20"	Concrete	3,944	-	-	3,944
20"	Ductile Iron	26,255	19	-	26,274
20"	Steel	34,016	3,233	-	37,249
24"	Cast Iron	166,402	-	-	166,402
24"	CMC Steel ³	12,961	-	-	12,961
24"	Concrete	79,713	-	-	79,713
24"	Ductile Iron	89,373	28	(28)	89,373
24"	Steel	65,570	4	(4)	65,570
30"	Cast Iron	64,290	-	-	64,290
30"	CMC Steel ³	12	-	-	12
30"	Concrete	159,599	-	-	159,599
30"	Ductile Iron	114	-	-	114
30"	Steel	176,393	111	(19)	176,485
36"	Cast Iron	23,142	-	(29)	23,113
36"	Cement-Asbestos	6,278	-	-	6,278
36"	Steel	234,129	99	(23)	234,205
36"	Concrete	123,354	-	-	123,354
36"	CMC Steel ³	64	-	-	64
36"	Ductile Iron	2,548	-	-	2,548
42"	Cast Iron	468	-	-	468
42"	CMC Steel ³	11	-	-	11
42"	Concrete	85,128	-	(48)	85,080
42"	Steel	105,638	48	-	105,686

¹Excludes totals for City of Littleton.

(Continued next page)

²PVC = Polyvinyl chloride (plastic).

³CMC Steel = Cement mortar coated steel.

TRANSMISSION AND DISTRIBUTION MAINS - 1997 (Continued)

A. Mains in service within the City, and mains installed by Denver Water in Total Service Contract Areas (Continued). ¹

Size	Kind of Pipe	Length in Feet			
		1-1-97	Additions	Reductions	12-31-97
46"	Concrete	23,431	-	-	23,431
46"	Steel	20	-	-	20
48"	Cast Iron	27	-	-	27
48"	Concrete	17,365	-	-	17,365
48"	Steel	118,826	-	-	118,826
51"	Outside Diameter Steel	6,330	-	-	6,330
54"	CMC Steel ²	19,988	-	-	19,988
54"	Concrete	21,828	-	-	21,828
54"	Steel	117,014	-	-	117,014
57"	Outside Diameter Steel	12,851	-	-	12,851
60"	Concrete	126,357	-	(48)	126,309
60"	Steel	54,081	48	-	54,129
63"	Outside Diameter Steel	17,563	-	-	17,563
66"	Concrete	67,015	-	(64)	66,951
66"	Steel	18,916	64	-	18,980
67"	Steel	1,009	-	-	1,009
72"	Concrete	59,834	-	-	59,834
72"	Steel	40,315	-	-	40,315
84"	Concrete	6,147	-	-	6,147
84"	Steel	10,501	-	-	10,501
90"	Concrete	2,955	-	-	2,955
90"	Steel	29,049	-	-	29,049
108"	Steel	48,687	-	-	48,687
Totals		<u>12,327,307</u>	<u>177,324</u>	<u>(48,517)</u>	<u>12,456,114</u>

B. Mains in service within Total Service Contract Areas at the beginning of the contract (estimated). ¹

Size	Kind of Pipe	Length in Feet			
		1-1-97	Additions	Reductions	12-31-97
2"	Galvanized Iron	592	260	(260)	592
3"	Cast Iron	112	-	-	112
3"	Galvanized Iron	2,133	-	-	2,133
4"	Cast Iron	23,852	18	(1,160)	22,710
4"	Cement-Asbestos	3,498	-	(2,752)	746
4"	Ductile Iron	268	-	-	268
4"	PVC ³	13	-	-	13
6"	Cast Iron	303,475	2,948	(8,164)	298,259
6"	Cement-Asbestos	59,532	-	(187)	59,345
6"	Ductile Iron	897	1	-	898
6"	PVC ³	4,031	-	-	4,031
8"	Cast Iron	129,468	317	(493)	129,292
8"	Cement-Asbestos	46,591	-	-	46,591
8"	Ductile Iron	4,275	1,028	(1,028)	4,275
8"	PVC ³	3,311	-	-	3,311
10"	Cast Iron	11,583	-	(3)	11,580
12"	Cast Iron	51,225	-	(12)	51,213
12"	Cement-Asbestos	23,985	101	(101)	23,985
12"	Ductile Iron	3,728	-	-	3,728
12"	PVC ³	2,953	-	-	2,953
16"	Cast Iron	2,638	-	-	2,638
16"	Ductile Iron	5,060	-	-	5,060
Totals		<u>683,220</u>	<u>4,673</u>	<u>(14,160)</u>	<u>673,733</u>

C. Total Mains

Kind of Pipe	Length in Feet		Length in Miles	
	1-1-97	12-31-97	1-1-97	12-31-97
Cast Iron	6,621,985	6,576,633	1,254.1	1,245.6
Cement-Asbestos	1,427,864	1,424,086	270.4	269.7
CMC Steel ²	33,036	33,036	6.3	6.3
Concrete	783,138	782,978	148.3	148.3
Copper	361	361	0.1	0.1
Ductile Iron	2,210,876	2,290,614	418.7	433.8
Galvanized Iron	36,608	34,715	6.9	6.5
PVC ³	627,867	714,996	118.9	135.4
Steel	1,268,792	1,269,161	240.3	240.4
Totals	<u>13,010,527</u>	<u>13,126,580</u>	<u>2,464.0</u>	<u>2,486.1</u>

¹Excludes totals for City of Littleton.

²CMC Steel = Cement mortar coated steel.

³PVC = Polyvinyl chloride (plastic).

VALVES - 1997

A. Valves in service within the City and valves installed by Denver Water in Total Service Contract Areas¹

Size	Type of Valve	Total ¹ 1-1-97	Additions	Reductions	Total ¹ 12-31-97
1"	Gate	10	-	-	10
1-1/4"	Gate	5	-	-	5
1-1/2"	Gate	20	-	-	20
2"	Gate	121	-	(1)	120
2"	Pressure Regulating	1	-	-	1
2-1/2"	Gate	1	-	-	1
3"	Gate	96	1	(26)	71
4"	Check	1	-	-	1
4"	Gate	411	26	(26)	411
4"	Pressure Regulating	5	-	-	5
6"	Butterfly	1	-	-	1
6"	Check	9	-	-	9
6"	Gate	13,318	373	(120)	13,571
6"	Pressure Regulating	71	-	-	71
8"	Ball	1	-	-	1
8"	Butterfly	2	-	-	2
8"	Check	11	-	-	11
8"	Gate	9,500	347	(41)	9,806
8"	Pressure Regulating	49	1	(1)	49
8"	Cone	1	-	-	1
10"	Ball	2	-	-	2
10"	Butterfly	1	-	-	1
10"	Check	1	-	-	1
10"	Gate	399	4	(2)	401
10"	Pressure Regulating	20	-	(1)	19
12"	Ball	1	-	-	1
12"	Butterfly	6	-	-	6
12"	Check	5	-	-	5
12"	Cone	1	-	-	1
12"	Gate	8,226	178	(17)	8,387
12"	Pressure Regulating	20	1	-	21
14"	Butterfly	2	-	-	2
14"	Cone	1	-	-	1
14"	Gate	58	-	-	58
14"	Pressure Regulating	3	-	-	3
15"	Gate	4	-	-	4
16"	Ball	4	-	-	4
16"	Butterfly	172	1	-	173
16"	Check	1	-	-	1
16"	Cone	6	-	-	6
16"	Gate	141	-	(4)	137
16"	Pressure Regulating	9	-	-	9
18"	Butterfly	8	-	-	8
18"	Cone	2	-	-	2
18"	Gate	38	-	-	38
18"	Pressure Regulating	1	-	-	1
20"	Ball	5	-	-	5
20"	Butterfly	127	4	-	131
20"	Gate	40	-	-	40
20"	Pressure Regulating	4	-	-	4
24"	Ball	1	-	-	1
24"	Butterfly	355	2	-	357
24"	Cone	1	-	-	1
24"	Gate	174	-	(1)	173
24"	Pressure Regulating	4	-	-	4
30"	Ball	4	-	-	4
30"	Butterfly	80	-	-	80
30"	Check	2	-	-	2
30"	Cone	9	-	-	9

¹Valves in supply mains and station piping valves are not included.

(Continued next page)

VALVES - 1997 (Continued)

A. Valves in service within the City and valves installed by Denver Water in Total Service Contract Areas (Continued). ¹

<u>Size</u>	<u>Type of Valve</u>	<u>Total¹ 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total¹ 12-31-97</u>
30"	Gate	80	-	-	80
30"	Pressure Regulating	1	-	-	1
36"	Ball	2	-	-	2
36"	Butterfly	90	2	-	92
36"	Cone	6	-	(1)	5
36"	Gate	45	-	(3)	42
42"	Butterfly	46	1	-	47
42"	Check	2	-	-	2
42"	Gate	7	-	-	7
48"	Butterfly	15	1	-	16
48"	Check	1	-	-	1
48"	Cone	1	-	-	1
48"	Gate	10	-	-	10
54"	Butterfly	13	-	-	13
54"	Gate	7	-	-	7
W"	Butterfly	3	1	-	4
W..	Gate	9	-	-	9
72"	Butterfly	4	-	-	4
84"	Butterfly	5	-	-	5
	Totals	<u>33,919</u>	<u>943</u>	<u>(244)</u>	<u>34,618</u>

B. Valves within Total Service Contract Areas at beginning of the contract (estimated). ²

<u>Size</u>	<u>Type of Valve</u>	<u>Total¹ 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total¹ 12-31-97</u>
3"	Gate	3	-	-	3
4"	Gate	45	1	(5)	41
6"	Check	1	-	-	1
6"	Gate	594	4	(14)	584
6"	Pressure Regulating	4	-	(1)	3
8"	Check	1	-	-	1
8"	Gate	306	7	(7)	306
8"	Pressure Regulating	3	-	(1)	2
10"	Gate	25	-	(1)	24
10"	Pressure Regulating	2	-	-	2
12"	Gate	110	1	(1)	110
16"	Butterfly	1	-	-	1
16"	Gate	8	-	-	8
	Totals	<u>1,103</u>	<u>13</u>	<u>(30)</u>	<u>1,086</u>

C. Total Valves. ¹

<u>Type of Valve</u>	<u>Total¹ 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total¹ 12-31-97</u>
Ball	20	-	-	20
Butterfly	931	12	-	943
Check	35	-	-	35
Cone	28	-	(1)	27
Gate	33,811	942	(269)	34,484
Pressure Regulating	197	2	(4)	195
Totals	<u>35,022</u>	<u>956</u>	<u>(274)</u>	<u>35,704</u>

¹Valves in supply mains and station piping valves are not included.

²Excludes totals for City of Littleton.

FIRE HYDRANTS - 1997

A. Fire hydrants in service within the City and fire hydrants installed by Denver Water in Total Service Contract Areas.

<u>Fire Hydrants</u>	Total ¹ 1-1-97	Additions	Reductions	Total ¹ 12-31-97
4"	20	-	(4)	16
6"	12,792	519	(219)	13,092
Totals	12,812	519	(223)	13,108
<u>Hydrant Branch Valves</u>				
6"	12,692	404	(119)	12,977
8"	3	-	-	3
Totals	12,695	404	(119)	12,980
<u>Hydrant Branch Pipe (Length in feet)</u>				
4" Cast Iron	238	-	(27)	211
6" Cast Iron	105,548	-	(1,219)	104,329
6" Ductile Iron	101,808	6,972	(242)	108,538
6" PVC	951	-	(15)	936
6" Steel	14,713	-	-	14,713
8" Ductile Iron	11	-	-	11
8" Steel	397	-	-	397
Totals	223,666	6,972	(1,503)	229,135

B. Fire hydrants in service within Total Service Contract Areas at the beginning of the contract (estimated). ¹

<u>Fire Hydrants</u>				
6"	486	8	(27)	467
Totals ²	486	8	(27)	467
<u>Hydrant Branch Valves</u>				
6"	491	8	(21)	478
Totals ²	491	8	(21)	478
<u>Hydrant Branch Pipe (Length in feet)</u>				
4" Cast Iron	177	-	(56)	121
4" Cement-Asbestos	4	-	-	4
6" Cast Iron	7,733	75	(200)	7,608
6" Cement-Asbestos	327	-	-	327
6" Ductile Iron	1,164	67	(67)	1,164
Totals ²	9,405	142	(323)	9,224

C. Total Fire Hydrants

<u>Fire Hydrants</u>				
4"	20	-	(4)	16
6"	13,278	527	(246)	13,559
Totals	13,298	527	(250)	13,575
<u>Hydrant Branch Valves</u>				
6"	13,183	412	(140)	13,455
8"	3	-	-	3
Totals	13,186	412	(140)	13,458
<u>Hydrant Branch Pipe (Length in feet)</u>				
4" Cast Iron	415	-	(83)	332
4" Cement-Asbestos	4	-	-	4
6" Cast Iron	113,281	75	(1,419)	111,937
6" Cement-Asbestos	327	-	-	327
6" Ductile Iron	102,972	7,039	(309)	109,702
6" PVC	951	-	(15)	936
6" Steel	14,713	-	-	14,713
8" Ductile Iron	11	-	-	11
8" Steel	397	-	-	397
Totals	233,071	7,114	(1,826)	238,359

¹Excludes totals for City of Littleton.

²Totals revised from 1981.

NONPOTABLE MAINS AND VALVES - 1997

NONPOTABLE MAINS

<u>Size</u>	<u>Kind of Pipe</u>	<u>Length in Feet</u>			<u>Total 12-31-97</u>
		<u>Total 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	
4"	PVC	3,325	2	-	3,327
6"	PVC	540	-	-	540
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	16,712	4,750	-	21,462
16"	PVC	19,839	-	-	19,839
20"	PVC	26,958	-	-	26,958
Totals		<u>77,764</u>	<u>4,752</u>	<u>-</u>	<u>82,516</u>

Summary:

<u>Kind of Pipe</u>	<u>Length in Feet</u>			<u>Total 12-31-97</u>
	<u>Total 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	
PVC	67,374	4,752	-	72,126
Steel	10,390	-	-	10,390
Totals	<u>77,764</u>	<u>4,752</u>	<u>-</u>	<u>82,516</u>

NONPOTABLE VALVES

<u>Size</u>	<u>Type of Valve</u>	<u>Total 1-1-97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total 12-31-97</u>
4"	Gate	13	1	-	14
6"	Gate	6	-	-	6
8"	Gate	1	-	-	1
10"	Gate	2	-	-	2
12"	Gate	53	11	-	64
20"	Gate	26	-	-	26
Totals		<u>101</u>	<u>12</u>	<u>-</u>	<u>113</u>

Note: Dual distribution system mains and valves have been installed to deliver water for nonpotable uses at Denver International Airport. Nonpotable water will not be available in the dual distribution system prior to the construction of a nonpotable reuse plant in 2004.

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 1997

DENVER MAIN BREAKS

<u>Size</u>	<u>Kind of Pipe</u>	<u>Number of Breaks</u>
2"	Galvanized Iron	1
2"	Cast Iron	1
3"	Cast Iron	1
6"	Ductile Iron	2
6"	Cast Iron	153
6"	PVC	1
6"	Cement Asbestos	1
8"	Cast Iron	59
8"	PVC	2
8"	Ductile Iron	2
12"	Cast Iron	23
12"	Cement Asbestos	1
12"	Ductile Iron	2
16"	Cast Iron	2
	Total	<u>251</u>

TOTAL SERVICE MAIN BREAKS

<u>Size</u>	<u>Kind of Pipe</u>	<u>Number of Breaks</u>
4"	Cement Asbestos	1
4"	Ductile Iron	1
6"	Cast Iron	24
6"	Ductile Iron	8
8"	Cast Iron	17
8"	Ductile Iron	5
12"	Cast Iron	2
18"	Coated Steel	2
	Total	<u>60</u>

WATER CONTROL SERVICES

	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Service Calls	1,540	2,103	2,040	2,056	2,094
Service Leaks	591	648	548	631	635
Service Turn Ons	2,492	2,520	2,317	1,791	2,194
Service Turn Offs	815	975	600	613	892
Valve Leaks	68	72	98	76	108
Fire Hydrants Hit	138	106	94	105	115
Fire Hydrants Packed and Greased	24,969	13,726	16,626	14,936	13,572
Fire Hydrants Excavated for Replacement	206	205	213	181	149
Fire Hydrants, Miscellaneous Repairs	875	857	1,153	973	987
Total Fire Hydrants Tested and Repaired	<u>26,188</u>	<u>14,894</u>	<u>18,086</u>	<u>16,195</u>	<u>14,823</u>

LEAK DETECTION PROGRAM

	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Non-Visible Leaks Detected	80	49	71	52	33
Non-Visible Water Leaks Loss (1000's of Gallons) ¹	105,120	128,772	186,588	273,312	183,960
Visible Leaks Pinpointed	246	193	159	205	200
Savings Generated from Leak Detection Program ¹	\$147,600	\$115,800	\$95,400	\$123,000	\$120,000
Miles Surveyed	903	858	1,038	726	523

¹Estimated.

Financial

DEBT SERVICE COVERAGE: 1988 - 1997
(amounts expressed in thousands)

Fiscal Year	Gross Revenue ¹	Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ⁴			Coverage
				Principal ³	Interest	Total	
1988	91,939	44,349	47,590	4,315	15,718	20,033	2.38
1989	94,580	50,006	44,574	1,205	15,726	16,931	2.63
1990	90,666	58,233	32,433	8,749	15,350	24,099	1.35
1991	85,325	58,415	26,910	1,250	14,944	16,194	1.66
1992	88,104	56,901	31,203	2,473	19,351	21,824	1.43
1993	92,337	61,503	30,834	2,704	18,520	21,224	1.45
1994	107,730	65,384	42,346	4,520	15,635	20,155	2.10
1995	100,242	66,150	34,092	7,112	18,855	25,967	1.31
1996	120,244	69,185	51,059	6,401	16,588	22,989	2.22
1997	131,750	70,287	61,463	5,437	16,327	21,764	2.82

¹Total operating and nonoperating revenue including interest income.

²Total operating and nonoperating expenses, excluding depreciation and amortization, and interest expense.

³Principal payments have been decreased for bonds refunded through the annual bond refunding program.

⁴Effective 1992, includes Certificates of Participation.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - 1997

(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY

South Platte Improvements	\$ 2,589	
Williams Fork Collection System	49	
Eagle Piney/Eagle Colorado System	75	
Water Rights	704	
Hydro Power Development	699	
Miscellaneous Land Acquisitions	108	
Moffat Tunnel System	359	
Marston Lake Conduit 20 Extension	4,848	
Platte Canyon Outlet	211	
Alternate Irrigation Sources	261	
Other	124	
Total Source of Supply		10,027

PUMPING PLANT AND CLEAR WATER STORAGE

Kendrick - Natural Gas Engines	272	
Marston - Natural Gas Engines	256	
56th Ave - Yard Piping Modifications	659	
Chatfield - Expansion of Pump Station	270	
Xeriscape & Landscaping	204	
Other Miscellaneous	17	
Total Pumping Plant and Clear Water Storage		1,678

WATER TREATMENT

Denver International Airport - Non-Potable Water Project	458	
South Platte Downstream Gravel Pit Non-Potable Reuse Storage	154	
Marston Treatment Plant Improvements	2,858	
Other Miscellaneous	323	
Total Water Treatment		3,793

TRANSMISSION AND DISTRIBUTION

Denver International Airport Conduit and Mains	643	
Conduit 129 Phase 3	126	
Conduit 74 Phase 4	105	
Other	387	
Total Transmission and Distribution		1,261

GENERAL PLANT

Xeriscape - New T&D Building	538	
Automated Meter Reading	87	
Other	118	
		743

TOTAL NEW FACILITIES		<u>16,759</u>
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FACILITY REPLACEMENTS AND IMPROVEMENTS

SOURCE OF SUPPLY

Highline Canal	87	
Deckers Refurbishment	57	
Ralston Reservoir	143	
Cheeseman Reservoir - Drian Line Modifications	80	
Marston Lake South Tower Relocation	96	
Roberts Tunnel Storage Shed	43	
Dillon reservoir	46	
Long Lakes	81	
Other	554	
Total Source of Supply		1,043

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - 1997 (Continued)
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS (Continued)

PUMPING PLANT AND CLEAR WATER STORAGE

56th Avenue Pump Station - Yard Piping	\$105	
Capitol Hill - Motor Controllers	55	
Water Quality Monitoring Telemetry at Various Stations	90	
Other	155	
Total Pumping Plant and Clear Water Storage		405

WATER TREATMENT

Moffat Distributed Control System	78	
Marston Disinfection Facilities	100	
Pilot Water Facilities @ Marston and Foothills	57	
Foothills Disinfection Facilities	71	
Moffat Disinfection Facilities	99	
Foothills Flocculation Drive Replacement	224	
Moffat Dry Chemical Storage	429	
Moffat Slide Gates	155	
Foothills Backup Generator	855	
Foothills Potassium Permanganate Feed System	286	
Telemetry & Control	320	
Other	423	
Total Water Treatment		3,097

TRANSMISSION AND DISTRIBUTION

Valve Replacements	213	
Mains - Replace, Extend, and Relocate	9,421	
Fire Hydrants - Install and Replace	1,095	
New Mains	5,550	
Ashland Reservoir Site Improvements	184	
Cement Mortar Lining Rehabilitation Program	970	
Other	747	
Total Transmission and Distribution		18,180

GENERAL PLANT

Remodel Building 13	377	
Other	989	
Total General Plant		1,366

TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		<u>24,091</u>
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GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS

Motor Vehicles and Heavy Equipment	1,799	
Computer Equipment	1,417	
Capitalized Software	1,565	
Other	2,033	

TOTAL GENERAL EQUIPMENT		<u>6,814</u>
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TOTAL PLANT ADDITIONS		<u>\$ 47,664</u>
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WATER RATE SCHEDULES - 1997

Rate Per 1,000 Gallons		
City of Denver <u>Schedule 1</u>	Outside City Total Service <u>Schedule 2</u>	Outside City Read and Bill <u>Schedule 3</u>
(Effective for bills dated on or after Jan. 1, 1997)		

CONSUMPTION CHARGE (Bimonthly)

Residential:

First 22,000 Gallons	\$ 1.30	\$ 2.13	\$ 1.66
Over 22,000 Gallons	1.56	2.56	1.99

Small Multi-Family:

(Duplexes through five-plexes with a single meter)

First 30,000 gallons ¹	1.16	1.90	1.61
Over 30,000 gallons	1.39	2.28	1.93

All Other Retail Customers:

All Consumption	1.16	2.00	1.64
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SERVICE CHARGE

Monthly	\$ 3.81	\$ 3.81	\$ 3.81
Bimonthly	5.18	5.18	5.18

PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)

Fire Hydrants	\$ 23.05	\$ 15.85	\$ 11.84
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Sprinkler Systems and Standpipes:

(Size of Connection)

1"	6.26	4.30	3.22
2"	10.44	7.18	5.36
4"	16.14	11.10	8.29
6"	23.05	15.85	11.84
8"	40.34	27.74	20.72
10"	57.63	39.63	29.60
12"	92.20	63.41	47.37
16"	230.51	158.54	118.42

OUTSIDE CITY WHOLESALE RATE - Schedule 4

Consumption Charge - all consumption	<u>Rate per 1,000 gallons</u>
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\$ 1.65

Service Charge - Not applicable for this rate schedule

Applicability

Schedule 1: All licensees with metered service having the right to take and use water inside the territorial limits of the City and County of Denver.

Schedule 2: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the Board operates and maintains all of the systems used to supply the licensee in a manner to provide complete and total service similar to that furnished inside Denver.

Schedule 3: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the licensee in some manner operates and maintains portions of the system used to supply the licensee and the Board is responsible for billing each licensee on an individual basis.

Schedule 4: Municipalities, quasi-municipal districts and water companies outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the municipalities, quasi-municipalities, and water companies operate and maintain water distribution systems to supply individual licensees. The Board bills only the distributor for water delivered through large "Master Meters" and the distributor establishes the rates for and bills the individual licensees.

¹Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

WATER RATE SCHEDULES - 1997 (Continued)

	Raw Water Service	
	Denver	Outside City
RAW WATER SERVICE RATE - Schedule 5		
Consumption Charge per 1,000 gallons - all consumption	\$ 0.47	\$ 0.49
Consumption Charge per Acre Foot - all consumption	153.15	159.67
Service Charge - Not applicable for this rate schedule		

SYSTEM DEVELOPMENT CHARGES (Effective January 1, 1986)

Connection Size	Treated Water Service		Raw Water Service
	Denver	Outside City	
3/4"	\$ 2,730	\$ 3,820	\$ 1,605
1"	5,460	7,640	3,210
1-1/4"	8,190	11,460	6,420
1-1/2"	10,920	15,280	8,025
2"	21,840	30,560	17,655
3"	49,140	68,760	43,335
4"	98,280	137,520	83,460
6"	256,620	359,080	215,070
8"	546,000	764,000	420,510
10"	982,800	1,375,200	698,175
12"	1,638,000	2,292,000	1,072,140

Applicability

The System Development Charge applies to any applicant for a license to take water through the Denver system or a system deriving its supply from Denver. This charge is assessed upon application for a new tap and is based upon the size of connection required.

CUSTOMER SERVICE DATA: 1988 - 1997

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Active Taps: ¹										
Beginning of Year	268,676	265,820 ⁶	268,506	265,233	262,184	259,695	258,096	256,587	255,559	254,330
Activated During Year	2,825	3,013	3,807	3,449	3,254	2,740	1,905	1,796	1,237	1,513
Discontinued During Year	(163)	(157)	(314)	(176)	(205)	(251)	(306)	(287)	(209)	(284)
Net Increase During Year	2,662	2,856	3,493	3,273	3,049	2,489	1,599	1,509	1,028	1,229
Total Active Taps - End of Year	271,338	268,676	271,999	268,506	265,233	262,184	259,695	258,096	256,587	255,559
Services Behind Master Meters	63,449	62,713 ⁶	68,066	66,132	65,048	63,335	62,118	60,990 ²	60,386	59,745
Active Flat Rate Taps, End of Year ¹	-	-	-	-	-	-	22,243	47,391	61,130	71,688
Active Meters (excludes customers Behind Master Meters) ¹										
Inside City	142,169 ⁷	141,248	140,497	140,028	139,185	138,979	116,570	91,306	77,555	67,301
Read and Bill	34,638	33,791	32,827	32,142	31,030	30,285	29,511	29,329	28,730	28,184 ³
Total Service	29,892	29,425	29,090	28,756	28,289	27,992	27,714	27,571	27,311	27,206
City and County	1,018	1,020	1,023	1,072	979	940	895	876	845	821
Monthly	172	479	496	376	702	653	644	633	630	614
Total Active Meters	207,889	205,963	203,933	202,374	200,185	198,849	175,334	149,715	135,071	124,126
Total Active Taps - End of Year	271,338	268,676	271,999	268,506	265,233	262,184	259,695	258,096	256,587	255,559
Stub-Ins on System ⁴	1,895	2,422	2,215	2,825	2,120	1,519	1,171	732	981	1,797
Fire Hydrant Use Permits	999	918	849	930	721	509	437	317	350	540
Meters Replaced by Denver Water	4,446	8,292	6,831	9,768	5,350	2,774	2,290	2,106	2,545	2,480
Turn-Offs Due to Delinquent Accounts	8,650	9,317	9,329	5,907	6,218	6,212	5,304	7,146	7,497	7,903
Flat Rate Account Inspections	-	-	-	-	-	-	-	1	-	-
In-Home Water Audits	1,637	1,343	1,403	1,501	2,147	1,857	1,991	536	714	836
Universal Metering Program:										
Flat Rate to Meter Conversion	-	-	-	-	-	20,346	26,079	14,362	10,477	9,896
Number of Service Lines Repaired	-	-	-	-	-	142	119	106	63	85
Feet of Service Lines Repaired/Replaced	-	-	-	-	-	4,319	3,551	2,274	1,617	2,775
Water Conservation Calls ⁵	-	-	-	-	213	223	456	1,174	1,605	-
Water Conservation Field Stops ⁵	48	66	75	115	513	792	1,367	1,053	1,837	239
Water Use Violations Issued ⁵	-	-	-	-	-	11	2	8	26	-

¹Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.²Does not include Panorama Park Water Association, which converted to a Total Service Contract during 1986.³One hundred sixty-three accounts in the Cedar Crest Read and Bill district transferred to Lakewood Master Meter.⁴Stub-Ins are a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and are not considered a tap.⁵The summer Water Conservation Program has been voluntary since 1983. In 1994 and 1995, conservation calls were not recorded.⁶Broomfield Taps (6,179), removed from Master Meter counts.⁷Beginning in 1997, large meters for wholesale distributors excluded from count, consistent with "Analysis of Customer Accounts for Treated Water

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 1997¹

		Total Accounts			On Accounts	
		12-31-97	12-31-96	Increase (Decrease)	12-31-97	12-31-96
METERED GENERAL CUSTOMERS						
Residential -	Denver	118,787	117,977	810	117,783	116,994
	Outside City	31,852	31,102	750	31,793	31,058
	Total Service	27,124	26,752	372	27,059	26,690
Small multi-family -	Denver	7,938	7,868	70	7,861	7,784
	Outside City	270	220	50	270	220
	Total Service	368	281	87	368	281
Commercial -	Denver	14,942	14,970	(28)	14,112	14,109
	Outside City	2,444	2,397	47	2,405	2,355
	Total Service	2,255	2,248	7	2,202	2,190
Industrial -	Denver	285	285	-	249	250
	Outside City	8	8	-	8	8
	Total Service	11	13	(2)	10	11
TOTAL METERED GENERAL CUSTOMERS		206,284	204,121	2,163	204,120	201,950
PUBLIC AUTHORITIES						
City & County of Denver		1,114	1,125	(11)	982	994
Other County Agencies -	Denver	175	171	4	156	154
	Outside City	51	51	-	47	47
	Total Service	124	121	3	113	112
State Agencies -	Denver	67	67	-	57	57
	Outside City	1	1	-	1	1
	Total Service	7	7	-	5	5
Federal Agencies -	Denver	51	48	3	44	44
	Outside City	12	12	-	10	10
	Total Service	3	3	-	3	3
TOTAL PUBLIC AUTHORITIES		1,605	1,606	(1)	1,418	1,427
RESALE ACCOUNTS (MASTER METER)²		63,449	62,713	736	63,449	62,713
TOTAL TREATED WATER CUSTOMERS		271,338	268,440	2,898	268,987	266,090
<u>Summary (For SEC Disclosure Requirements)</u>						
City		143,359	142,511			
Treated Water Contract Area:						
Master Meter (Resale Accounts)		63,449	62,713			
Total Service		29,892	29,425			
Read & Bill (Outside City)		34,638	33,791			
Total Treated Water Customers		271,338	268,440			
Raw Water Contract Area ³						
City of Arvada		30,081	29,484			
North Table Mountain Water and Sanitation District						
District		2,636	2,580			
Total Customer Accounts		304,055	300,504			

¹ Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

² See "Analysis of Sales of Treated Water for Resale."

³ The number of accounts were provided by the City of Arvada and the North Table Mountain Water and Sanitation District.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 1997
(NON-ACCRUAL BASIS)¹

		Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Denver	\$24,787,546	15,322,525	117,283	\$ 1.6177
	Outside City	11,099,563	5,630,157	31,342	1.9714
	Total Service	11,737,956	4,720,130	26,804	2.4868
Small multi-family-	Denver	2,387,118	1,757,106	7,820	1.3586
	Outside City	129,066	68,336	236	1.8887
	Total Service	183,416	84,819	318	2.1624
Commercial -	Denver	16,938,925	14,179,274	14,003	1.1946
	Outside City	5,221,108	3,132,917	2,363	1.6665
	Total Service	4,153,338	2,045,377	2,194	2.0306
Industrial -	Denver	1,413,410	1,207,824	245	1.1702
	Outside City	1,300,964	793,002	8	1.6406
	Total Service	184,980	92,037	10	2.0098
Construction -	Denver	61,352	7,372	-	8.3223
	Outside City	25,445	12,797	-	1.9884
	Total Service	19,824	1,951	-	10.1609
		<u>79,644,011</u>	<u>49,055,624</u>	<u>202,626</u>	<u>1.6235</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Denver	441,340	- ²		
	Outside City	31,386	- ²		
	Total Service	28,124	- ²		
		<u>500,850</u>	<u>- ²</u>		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		3,048,469	3,063,296	980	0.9952
Other County Agencies -	Denver	484,297	413,224	156	1.1720
	Outside City	289,475	175,589	47	1.6486
	Total Service	542,674	269,604	111	2.0129
State Agencies -	Denver	246,687	211,136	57	1.1684
	Outside City	6,189	3,755	1	1.6483
	Total Service	10,473	5,156	5	2.0313
Federal Agencies -	Denver	469,658	393,540	22	1.1934
	Outside City at Denver Rates	284,425	242,505	2	1.1729
	Outside City	273,743	166,707	6	1.6421
	Total Service	1,053	480	3	2.1938
		<u>\$ 5,657,143</u>	<u>4,944,992</u>	<u>1,390</u>	<u>\$ 1.1440</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Retained Earnings. The difference from amounts on an accrual basis is immaterial.

²Consumption is considered as part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 1997
(NON-ACCRUAL BASIS)

	<u>Revenue</u>	<u>Consumption (000 Gallons)</u>	<u>Average Number of Customers</u>	<u>Revenue Per 1,000 Gallons</u>
I. <u>SALES OF TREATED WATER (Continued)</u>				
D. SALES OF TREATED WATER FOR RESALE ¹	\$ 26,474,222	16,051,176	63,449	\$ 1.6494
E. WATER SUPPLIED FOR ARAPAHOE AQUIFER RECHARGE RESEARCH PROJECT (temporary lease with Willows Water)	<u>-</u>	<u>28</u>	<u>1</u>	
TOTAL SALES OF TREATED WATER ²	<u>112,276,226</u>	<u>70,051,820</u>	<u>267,466</u>	<u>1.6028</u>
II. <u>SALES OF NON-POTABLE WATER</u> ³	<u>3,528,883</u>	<u>7,269,489</u>	<u>25</u>	<u>0.4854</u>
TOTAL SALES OF WATER	115,805,109	77,321,309	<u>267,491</u>	<u>\$ 1.4977</u>
III. <u>OTHER NON-POTABLE WATER DELIVERIES</u> ³		<u>3,153,088</u>		
TOTAL CONSUMPTION		<u>80,474,397</u>		
IV. <u>OTHER OPERATING REVENUE</u>				
A. POWER SALES REVENUE				
Foothills Treatment Plant	206,719			
Strontia Springs	251,476			
Dillon Dam	507,326			
Roberts Tunnel	69,185			
Hillcrest	157,318			
Williams Fork	<u>353,960</u>			
	<u>1,545,984</u>			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,463,572			
Conservation Penalties	27,829			
Field Collection Charges	490,168			
Turnoff - Turn on Charges	<u>115,425</u>			
	<u>2,096,994</u>			
TOTAL OTHER OPERATING REVENUE	<u>3,642,978</u>			
TOTAL OPERATING REVENUE	<u>\$119,448,087</u>			

¹See "Analysis of Sales of Treated Water for Resale."

²See "Analysis of Sales of Treated Water Between Denver and Outside City."

³See "Analysis of Sales of Non-Potable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND
OUTSIDE CITY - 1997 (NON-ACCRUAL BASIS)¹

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. DENVER					
A. METERED GENERAL CUSTOMERS					
Residential	\$24,787,546	22.08%	15,322,525	21.87%	117,283
Small multi-family	2,387,118	2.13%	1,757,106	2.51%	7,820
Commercial	16,938,925	15.09%	14,179,274	20.24%	14,003
Industrial	1,413,410	1.26%	1,207,824	1.72%	245
Construction	61,352	0.05%	7,372	0.01%	-
	45,588,351	40.61%	32,474,101	46.35%	139,351
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	441,340	0.39%	-	2	
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	3,048,469	2.72%	3,063,296	4.37%	980
Other County Agencies	484,297	0.43%	413,224	0.59%	156
State Agencies	246,687	0.22%	211,136	0.30%	57
Federal Agencies	469,658	0.42%	393,540	0.56%	22
	4,249,111	3.79%	4,081,196	5.82%	1,215
TOTAL SALES OF TREATED WATER - DENVER					
	50,278,802	44.79%	36,555,297	52.17%	140,566
Revenue per 1,000 Gallons - Denver			\$1.3754		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	11,099,563	9.89%	5,630,157	8.04%	31,342
Small multi-family	129,066	0.11%	68,336	0.10%	236
Commercial	5,221,108	4.65%	3,132,917	4.47%	2,363
Industrial	1,300,964	1.16%	793,002	1.13%	8
Construction	25,445	0.02%	12,797	0.02%	-
Residential - Total Service	11,737,956	10.45%	4,720,130	6.74%	26,804
Small multi-family - Total Service	183,416	0.16%	84,819	0.12%	318
Commercial - Total Service	4,153,338	3.70%	2,045,377	2.92%	2,194
Industrial - Total Service	184,980	0.16%	92,037	0.13%	10
Construction - Total Service	19,824	0.02%	1,951	- %	-
	\$34,055,660	30.32%	16,581,523	23.67%	63,275

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Retained Earnings. The difference from amounts on an accrual basis is immaterial.

²Consumption is considered as part of unaccounted-for treated water.

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND
OUTSIDE CITY - 1997 (NON-ACCRUAL BASIS) (Continued)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. <u>OUTSIDE CITY (Continued)</u>					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	\$ 31,386	0.03%	-	1	
Sprinklers - Total Service	28,124	0.03%	-	1	
	<u>59,510</u>	<u>0.06%</u>	<u>-</u>	<u>1</u>	
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies	289,475	0.26%	175,589	0.25%	47
State Agencies	6,189	0.01%	3,755	0.01%	1
Federal Agencies	273,743	0.24%	166,707	0.24%	6
Federal Agencies at Denver Rates	284,425	0.25%	242,505	0.35%	2
County Agencies - Total Service	542,674	0.48%	269,604	0.38%	111
State Agencies - Total Service	10,473	0.01%	5,156	0.01%	5
Federal Agencies - Total Service	1,053	- %	480	- %	3
	<u>1,408,032</u>	<u>1.25%</u>	<u>863,796</u>	<u>1.24%</u>	<u>175</u>
D. SALES OF TREATED WATER FOR RESALE ²	<u>26,474,222</u>	<u>23.58%</u>	<u>16,051,176</u>	<u>22.92%</u>	<u>63,449</u>
E. WATER SUPPLIED FOR ARAPAHOE AQUIFER RECHARGE RESEARCH PROJECT (temporary lease with Willows Water)					
	<u>-</u>	<u>- %</u>	<u>28</u>	<u>- %</u>	<u>1</u>
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	<u>61,997,424</u>	<u>55.21%</u>	<u>33,496,523</u>	<u>47.83%</u>	<u>126,900</u>
Revenue per 1,000 Gallons - Outside City			\$1.8509		
TOTAL SALES OF TREATED WATER	<u>\$ 112,276,226</u>	<u>100.00%</u>	<u>70,051,820</u>	<u>100.00%</u>	<u>267,466</u>
Revenue per 1,000 Gallons - Total			\$1.6028		
<u>UNACCOUNTED FOR WATER</u>					
Total Treated Water Delivered			75,363,330		
Water Purchased			-		
Total Treated Water Available			<u>75,363,330</u>	100.00%	
Less Sales of Treated Water			<u>70,051,820</u>	(92.95%)	
Unaccounted for ³			<u>5,311,510</u>	7.05%	

¹Consumption is considered as part of unaccounted-for treated water

²See "Analysis of Sales of Treated Water For Resale."

³Includes meter slippage, main and service line leakage, public and private fire protection, and other system losses

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 1997
(NON-ACCRUAL BASIS)¹

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters²

	Revenue	Consumption (000 Gallons)	Estimated Number of Taps ³
Alameda Water & Sanitation District	\$ 193,655	117,366	315
Bancroft-Clover Water & Sanitation District	2,910,678	1,764,047	8,173
Bonvue Water & Sanitation District	27,604	16,730	166
Bow-Mar Water & Sanitation District	146,475	88,773	282
Cherry Creek Valley Water & Sanitation District	1,138,646	690,178	1,150
Cherry Creek Village Water & Sanitation District	263,771	159,861	468
Cherrymoor South Water & Sanitation District	81,214	49,213	95
Consolidated Mutual Water Company	5,333,346	3,237,716	14,384
Crestview Water & Sanitation District	1,242,579	753,078	4,375
City of Edgewater	425,695	257,997	1,420
City of Glendale	581,204	352,245	262
Green Mountain Water & Sanitation District	3,195,354	1,936,578	9,690
High View Water District	269,253	163,184	826
Ken-Caryl Water & Sanitation District	1,449,649	878,575	3,531
Lakehurst Water & Sanitation District	1,278,994	775,148	3,983
City of Lakewood	415,232	251,656	831
Meadowbrook Water & Sanitation District	276,933	167,838	915
North Pecos Water & Sanitation District	242,499	146,969	340
North Washington Street Water & Sanitation District	1,484,592	899,753	2,998
Northgate Water District	9,423	5,711	2
South Adams County Water & Sanitation District	171,347	103,847	149
Valley Water District	830,927	503,585	1,276
Wheat Ridge Water District	1,598,979	969,078	5,151
Willowbrook Water & Sanitation District	742,396	449,937	2,667
Willows Water District	565,186	342,537	- ⁴
Total Sales for Master Meter Distributors	<u>24,875,631</u>	<u>15,081,600</u>	<u>63,449</u>
City of Broomfield ⁵	1,424,161	863,861	
Inverness Water District	174,430	105,715	
Total Sales for Other Contracts at Wholesale Rates	<u>1,598,591</u>	<u>969,576</u>	
Total Sales of Treated Water for Resale	<u>\$ 26,474,222</u>	<u>16,051,176</u>	<u>63,449</u>

¹This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial.

²Sales on Total Service or Read and Bill Contracts are not included.

³Estimated number of taps served behind Master Meters is based on survey analysis.

⁴Tap information is not currently available.

⁵As of 1996, taps for City of Broomfield are no longer included.

ANALYSIS OF SALES OF NON-POTABLE WATER BETWEEN DENVER AND
OUTSIDE CITY - 1997
(NON-ACCRUAL BASIS)¹

	Revenue		Consumption		Average	Revenue
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers ³	Per 1,000 Gallons
<u>DENVER</u>						
Raw Water Sales						
City & County Agencies	\$ 122,327	3.46%	202,781	2.79%	1	\$ 0.6032
Public Service Company of Colorado	111,800	3.17%	237,872	3.27%	1	0.4700
All Other	8,852	0.25%	18,835	0.26%	2	0.4700
	242,979	6.88%	459,488	6.32%	4	0.5288
Effluent Sales						
All Other	917	0.03%	5,279	0.07%	-	0.1737
Minimum Contract Payments ²						
All Other	306	0.01%	-	-	1	-
Total Denver	244,202	6.92%	464,767	6.39%	5	0.5254
<u>OUTSIDE CITY, WITHIN COMBINED SERVICE AREA</u>						
Raw Water Sales						
All other	9,466	0.27%	94,473	1.30%	2	0.1002
Effluent Sales						
All Other	5,214	0.15%	20,855	0.29%	-	0.2500
Minimum Contract Payments ²						
Glenmoor Country Club	17,827	0.50%	-	-	-	-
All Other	5,109	0.14%	-	-	2	-
	22,936	0.64%	-	-	2	-
Total Outside City, Within Combined Service Area	37,616	1.06%	115,328	1.59%	4	0.3262
<u>OUTSIDE COMBINED SERVICE AREA</u>						
Raw Water for Resale						
Arvada	2,208,666	62.59%	4,507,482	62.00%	1	0.4900
North Table Mountain	289,421	8.20%	590,655	8.12%	1	0.4900
	2,498,087	70.79%	5,098,137	70.12%	2	0.4900
Raw Water Sales						
Centennial Water & Sanitation District	282,507	8.01%	1,059,668	14.58%	1	0.2666
City of Englewood	81,482	2.31%	413,180	5.68%	1	0.1972
U.S. Department of Energy	48,343	1.37%	98,659	1.36%	1	0.4900
All other	16,411	0.47%	17,931	0.25%	5	0.9152
	428,743	12.16%	1,589,438	21.87%	8	0.2697
Effluent Sales						
All other	455	0.01%	1,819	0.03%	-	0.2501
Minimum Contract Payments ²						
Colorado Division of Parks	21,008	0.60%	-	-	1	-
City of Westminster	279,422	7.92%	-	-	1	-
Consolidated Mutual	16,000	0.45%	-	-	1	-
All other	3,350	0.09%	-	-	3	-
	319,780	9.06%	-	-	6	-
Total Outside Combined Service Area	3,247,065	92.02%	6,689,394	92.02%	16	0.4854
TOTAL SALES OF NON-POTABLE WATER	\$3,528,883	100.00%	7,269,489	100.00%	25	\$ 0.4854
<u>OTHER NON-POTABLE WATER DELIVERIES</u>						
Public Service Co. (Cherokee Plant - Farmers & Gardeners Ditch)			1,308,614			
City Ditch at Washington Park			1,012,742			
Fairmount Cemetery Augmentation Plan			815			
City of Englewood (Cabin-Meadow Exchange)			765,748			
Church Lake (from Long Lakes)			65,170			
TOTAL OTHER NON-POTABLE WATER DELIVERIES			3,153,088			
TOTAL NON-POTABLE WATER DELIVERIES			10,422,577			

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. The difference from amounts on an accrual basis is immaterial.

²Effective for 1997, non-potable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of non-potable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

³If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

25 LARGEST CUSTOMERS - WATER CONSUMPTION AND REVENUE - 1997
(NON-ACCRUAL BASIS)¹

<u>Account Name</u>	<u>Consumption (000 Gallons)</u>	<u>Water Revenue</u>
Conoco, Inc.	453,038	\$ 730,900
Denver Housing Authority	408,978	480,254
Lowry Redevelopment Authority ²	386,957	463,713
Public Service Company	355,022	528,685
Fitzsimons Army Medical Center ³	251,589	293,157
Denver Federal Center	172,252	274,044
Martin Marietta	156,550	259,019
Windsor Gardens Association	146,070	177,670
Denver Marriott	143,526	166,321
Safeway Stores, Inc.	138,535	172,829
Pepsi-Cola Company	135,555	158,201
Gates Corporation	127,721	151,374
U.S. West Communications	123,856	208,042
University of Colorado Health Sciences Center	123,290	147,493
Ames Construction	111,905	123,652
Thermal Energy Manager	106,373	123,432
Presbyterian/St. Luke's Medical Center	94,513	111,730
Jefferson County Schools	93,308	158,280
King Soopers, Inc.	89,989	121,508
South Suburban Recreation	87,078	158,522
Coca Cola Bottling, Inc.	80,629	94,107
Cherry Creek Townhomes	80,605	96,377
Pine Creek Apartments	77,632	90,115
Willow Creek Home Owners Association	74,526	126,680
Devonshire Apartments	71,653	83,149
Total - 25 Largest Customers	<u>4,091,150</u>	<u>\$ 5,499,255</u>
Total Sales of Treated Water	<u>70,051,820</u>	<u>\$ 112,276,226</u>
Percent of 25 Largest Customers to Total Sales of Treated Water	<u>5.8%</u>	<u>4.9%</u>

¹This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 3,063,296 (000 gallons) to the City and County of Denver. Revenues from these sales were \$3,048,469.

²Lowry Air Force Base closed on September 30, 1994. Many of the existing structures have been leased, and water consumption has increased from 1994 to 1997. As redevelopment of the site occurs, it is projected that water consumption will continue to increase beyond its historic levels. The water system is currently being upgraded by the Lowry Redevelopment Authority, and will be transferred to Denver Water in five years.

³Fitzsimons Army Medical Center is scheduled to close within the next few years. Since it is located within the legal boundaries of the City of Aurora, it is anticipated that water service on that site in the future will be provided by that city.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION FEES: 1973 - 1997
(CASH BASIS - NET OF REFUNDS)

	System Development Charges ¹	Participation Receipts
1997	\$ 45,058,104	\$ 3,732,524
1996	15,137,300	2,913,100
1995	15,527,600	3,929,800
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	<u>\$296,860,304</u>	<u>\$76,410,324</u>

¹The System Development Charges receipts above are permitted to be used to retire debt.

RECEIPTS AND EXPENDITURES
 BUDGET TO ACTUAL COMPARISON 1993 - 1997 AND 1998 BUDGET
 (CASH BASIS)
 (amounts expressed in thousands)

	1993		1994		1995		1996		1997		1998
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
BEGINNING CASH & INVESTMENTS	\$73,445	\$72,784	\$66,705	\$64,916	\$71,085	\$73,155	\$71,652	\$69,791	\$85,011	\$ 84,727	\$ 125,385
<u>RECEIPTS FROM:</u>											
Sale of water	82,200	81,635	86,000	98,132 ³	96,800	93,361 ⁶	110,970	114,782 ⁷	115,500	123,005 ⁹	124,502
Nonoperating, interest & other	13,435	13,687	8,510	10,573	12,520	9,942	12,003	10,421	13,915	16,113	14,156
System development charges	9,780	12,229	11,760	13,596	11,800	15,660	14,100	15,280	14,290	45,092 ¹⁰	19,200
Developer participation (new facilities)	1,150	1,539	1,520	2,884	2,300	3,930	5,330	3,050	3,350	3,731	3,733
Reimbursements & grants	4,420	5,841	1,490	2,419	1,005	258	710	498	650	113	96
Subtotal	110,985	114,931	109,280	127,604	124,425	123,151	143,113	144,031	147,705	188,054	161,687
Sale of bonds	16,400	16,561	16,450	18,063	17,000	12,720	16,975	16,836	19,530	19,644	-
Total receipts	127,385	131,492	125,730	145,667	141,425	135,871	160,088	160,867	167,235	207,698	161,687
<u>LESS EXPENDITURES FOR:</u>											
Operations, maintenance & refunds	56,519	60,047 ²	60,350	65,156 ⁴	65,217	67,127	70,534	72,484	71,201	72,066	70,495
Debt service	32,846	31,161	31,799	37,130	41,885	39,840	43,049	42,463	43,950	43,905	48,553
Subtotal	89,365	91,208	92,149	102,286	107,102	106,967	113,583	114,947	115,151	115,971	119,048
Capital improvements (new facilities)	16,783	17,977	18,074	10,017 ⁵	9,043	7,036	8,080	3,473	24,328	19,029	30,264 ¹¹
System replacements	21,690	17,272	20,834	14,785	15,333	14,098	19,868	15,294	9,286	8,109	12,316
Equipment	4,908	4,229	4,128	3,340	3,772	4,006	5,694	5,209	4,544	5,477	7,083
Subtotal	43,381	39,478	43,036	28,142	28,148	25,140	33,642	23,976 ⁸	38,158	32,615	49,663
Indirects to capital	11,000	8,674	9,040	7,000	8,700	7,128	7,600	7,008	8,128	8,093	8,200
Total expenditures	143,746	139,360	144,225	137,428	143,950	139,235	154,825	145,931	161,437	156,679	176,911
ENDING CASH & INVESTMENTS ¹	\$57,084	\$64,916	\$48,210	\$73,155	\$68,560	\$69,791	\$76,915	\$84,727	\$90,809	\$135,746	\$ 110,161

General explanation of variances:

Variances in operating receipts are generally due to abnormal climatic conditions.

Variances in system development charges are generally related to levels of activity in the home building industry.

Variances in capital improvements are generally due to changes in project scheduling.

¹Due to the veto of the Two Forks Reservoir project, the cash reserves, which had been accumulated for the project, were deliberately reduced beginning in 1990 and for the next 3 years.

²Difference between 1993 budget and actual operating and maintenance is due to lower indirect costs assigned to capital than budgeted.

³1994 operating receipts increase was due to a 4.5% rate increase effective June 1, 1994, and a substantial increase in consumption resulting from an unusually hot dry summer.

⁴1994 actual O&M indirects to capital were \$2.0 million less than budgeted. Also includes \$560,000 unbudgeted sick leave payout.

⁵1994 new facilities capital expenditures were under budget primarily due to delay associated with the construction of several conduits.

⁶1995 Operating Receipts were under budget by \$3.5 million due to unusually wet weather during the summer months.

⁷1996 Operating Receipts were over budget by \$3.8 million due to high consumption levels in June, September & October.

⁸Capital projects under ran by \$9.7 million in 1996 primarily due to rescheduling several construction projects to 1997.

⁹1997 Operating Receipts were over budget by \$7.5 million due to an increase in billings for October and the City & County of Denver paying past due amounts and converting to a monthly basis.

¹⁰1997 System Development Charges were over \$30.8 million due to substantial continued growth in the housing market, unbudgeted amounts of \$22.9 million from

South Adams County, \$963,000 from the City of Arvada, and \$1.2 million from Arapahoe Estates Water District.

¹¹1998 Capital Budget - this high level of expenditure reflects acquisition of gravel pit storage at \$4.1million, updates and improvements to the treatment plants to comply with Federal and State regulations of \$13.3 million, construction of the Colorow and Chatfield Reservoir totaling \$3.7 million, the low-side addition to Chatfield Pump Station at \$2.4 million, construction of Conduit 74, phase 3 and 4, totaling \$4.7 million, and purchase of new computer systems at \$2.1 million.